# MANAGEMENT AND MISMANAGEMENT AT THE UNITED NATIONS

Y 4. F 76/1:M 31

Management and Mismanagement at the...

## HEARING

BEFORE THE

SUBCOMMITTEE ON
INTERNATIONAL SECURITY, INTERNATIONAL
ORGANIZATIONS AND HUMAN RIGHTS

OF THE

## COMMITTEE ON FOREIGN AFFAIRS
## HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

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MARCH 5, 1993

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Printed for the use of the Committee on Foreign Affairs

JUL 23 1993

U.S. GOVERNMENT PRINTING OFFICE

67-114 CC WASHINGTON : 1993

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-040882-2

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# MANAGEMENT AND MISMANAGEMENT AT THE UNITED NATIONS

FRIDAY, MARCH 5, 1993

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON INTERNATIONAL SECURITY,
INTERNATIONAL ORGANIZATION AND HUMAN RIGHTS,
*Washington, DC.*

The subcommittee met, pursuant to call, at 10:10 a.m. in room 2172, Rayburn House Office Building, Hon. Tom Lantos (chairman of the subcommittee) presiding.

Mr. LANTOS. Subcommittee on International Security, International Organizations and Human Rights will please come to order.

I am particularly pleased to welcome some of my colleagues who have joined this subcommittee for this hearing because of its extraordinary importance. I also want to thank, at the outset, Chief of Staff of the subcommittee, Dr. Robert King, and most valuable Republican staff member Mike Ennis for their contributions to this morning's affair.

Today the subcommittee is in session to consider the issue of management and mismanagement at the United Nations. The focus of our consideration will be the recent report to the Secretary General of the United Nations, Boutros Boutros-Ghali, from Dick Thornburgh, Under Secretary General for Administration and Management of the United Nations.[1] Mr. Thornburgh brought to this new assignment an enormous wealth of experience in the field of public service, which included, of course, service as Governor of the State of Pennsylvania and as Attorney General of the United States.

I understand he had a visit from a group of school children the other day who told him he is moving up. First he was Governor of a major State, then he was Attorney General for the whole United States, and now he has served as Under Secretary for the United Nations, a global body. The school children were wondering if he is going to go to outer space now to set the planets in some order.

We are delighted to have Mr. Thornburgh with us today to discuss his report and recommendations for management reform at the United Nations.

In addition to Mr. Thornburgh, we have a most distinguished panel of experts on the United Nations who will also discuss the issue of management reform at the U.N. in general and discuss

[1] The text of the report may be found in the appendix.

Under Secretary General Thornburgh's report in particular. This panel includes Ambassador Edward Luck, President of the United Nations Association; Ambassador Charles Lichenstein, distinguished Fellow at the Heritage Foundation and former Deputy U.S. Representative to the U.N.; and Professor John Ruggie, Dean of the School of International and Public Affairs at Columbia.

The United Nations is clearly at a critical crossroads. The collapse of the Soviet Union and the end of the cold war has given the organization a dramatically increased role in organizing and coordinating peacekeeping operations throughout the world. At the same time, the Secretary General has made an ambitious proposal for an expanded role for U.N. peace-enforcing as well as peacekeeping operations.

But the U.N. is also facing a mounting chorus of criticism regarding its ability to deal with these new challenges. The United States, the European Community, and other developed industrial countries have decried the growing evidence of mismanagement, waste, fraud, abuse, and political cronyism. We in the United States are certainly no strangers to such problems, as we found during the course of investigating the HUD scandal, which was my responsibility as Chairman of the Subcommittee on Employment and Housing in previous sessions of Congress.

There is no shortage of horror stories of mismanagement and fraud at the United Nations—the international counterpart to the $900 toilet seat and the $125 hammer that were given considerable and well-deserved public attention here in the Congress. Horror stories involving recruitment officers who engage in sexual harassment and accept payoffs but are almost impossible to fire.

These kinds of problems, of course, are part of a much larger systemic problem, and our purpose here today is to deal with the problems of the system—to identify the kinds of management reforms that must be undertaken and to determine what the United States can and should do to encourage and expedite such reform.

On the one hand, we recognize the enormous good that the United Nations has done and the even greater potential good it will be capable of doing in this new post-cold war environment. On the other hand, the support of the American people, and I can say the American Congress, for the United Nations is contingent upon our conviction that the organization is lean, trim, efficient, and well-managed. In this era of sobering and painful domestic budget cuts and calls upon the American people to sacrifice, the United Nations, too, must justify those scarce U.S. tax dollars that the American people contribute to its success.

Before we begin with the distinguished Attorney General, I would like to recognize my good friend and colleague, the Ranking Republican of the subcommittee, Congressman Doug Bereuter, to make whatever opening remarks he would like to make.

Mr. BEREUTER. Thank you, Mr. Chairman. I join you in welcoming Governor Thornburgh and the second panel that will testify with us here today. We have a Friday session because it is a special opportunity to meet with Governor Richard Thornburgh, who until this week had served as the Under Secretary General of the United Nations for Administration and Management.

Under Secretary Thornburgh's recently released and remarkably candid final report to Secretary General Boutros Boutros-Ghali has certainly generated intense interest in Washington. I can only hope it also attracts attention in New York and abroad.

The United Nations is a noble institution that seeks to point the way to a better, more peaceful future. But from the very earliest days there have been rumors and allegations of waste, fraud and abuse. Concerns over management problems have led to initiatives from this Congress such as the Kassenbaum-Solomon Amendment, which requires the withholding of full payment of our assessments to international organizations if sound management practices and budgetary transparency are lacking.

I was a congressional delegate to the 42nd Assembly, General Assembly of the United Nations, and I came away from that experience enriched in many ways, but also convinced that the United Nations made the Congress and the Federal Government of the United States look like a streamlined operation.

There is considerable anecdotal evidence to suggest we have real problems in the U.N. system. For example, we have heard tales of a $100,000 computer system that was purchased and delivered but never taken out of the boxes. There is a story of a U.N. institute that was advanced over $10 million, of which only $886,000, less than 9 percent of the total, had been authorized by the General Assembly. The most recent report of the U.N. Board of Auditors noted that of the 5,444 purchase orders issued by the U.N. during the 1990–1991 year, only 17 percent were awarded on a competitive basis, which directly violates U.N. rules.

There is the case of a former director of the International Directorate for Natural Disaster Reduction Secretariat who is reported to be continuing to receive his salary of $140,000, despite being tossed from the job. And, of course, we have the case of the $100 million plus conference center in Addis Ababa which was authorized in 1984 at the height of the Ethiopian famine when relief agencies were unable to find money to feed those that were starving.

I developed a particular familiarity with one of the specialized U.N. agencies, I follow it yet today, the Food and Agricultural Organization (FAO). The United States has labored for years to clean up the FAO, where reported mismanagement and blatant misuse of funds are legend and legion.

There are, for example, stories of a special fund that functions at times like a reelection slush fund for the incumbent Secretary General of the FAO. I have put information about that in the Congressional Record from time to time. Yet he successfully has been reelected on several occasions. It seems that there are many member states who believe there is no solution to the Secretary General's leadership but to wait until he retires. In the meantime, the very good and important work of the United Nations Food and Agricultural Organization continues to suffer because of headquarter problems.

We are here about abuses, and there clearly are real abuses. I have just mentioned a few. There is a temptation to throw up one's arms and scream "a pox on your house." There is a temptation to simply wash one's hands of the whole U.N. system. But as Under

Secertary General Thornburgh points out, the United Nations is an extremely important institution with enormous responsibilities in areas such as peacekeeping and peace enforcement, economic development, environmental protection, human rights, among others. The trick is to make the U.N. work right, and Governor Thornburgh's report makes an invaluable contribution to that end.

I would balance off my critique by saying that I think in the last 2 to 3 years we no longer have the stalemate in the Security Council. Because of the end of the cold war, we have seen remarkable progress and taking on new responsibilities and elections and peacekeeping forces in the United Nations. There is indeed reason for hope.

So Governor Thornburgh, if you would, I would ask that you discuss in your report how it touches upon the management problems which affect the Secretary General's vision of a more active and assertive United Nations. As the "Agenda for Peace" outlines, responsibilities in peacemaking and the use of military force go far beyond the existing responsibilities of the U.N.

Do you believe the U.N. is institutionally able to assume such responsibilities at this time? That is basically the question I put to you with respect to peacemaking and peacekeeping and perhaps use of preventive military forces. I have hope the U.N. can adopt a more say assertive prevention mode, but your report raises serious questions about the U.N.'s ability to broaden its mandate.

I congratulate you on the timeliness and the candor of your report and I quite sincerely look forward to your comments here, Governor Thornburgh.

Thank you, Mr. Chairman.

Mr. LANTOS. Thank you very much Congressman Bereuter.

Congressman Smith.

Mr. SMITH. I would like to join my colleagues in welcoming Governor Thornburgh and thank you for these findings and very timely recommendations.

In the area of fraud, waste and abuse, you point out that the Joint Inspection Unit is basically a dumping ground and in the report you call for a strong Inspector General's office. I think that is one of the most important and salutary points in the report. If we are going to convince American taxpayers to fork over scarce tax dollars to the United Nations programs, I think we need the assurance that money is being spent prudently.

Your valuable service on behalf of the U.N. and on behalf of the American taxpayer is greatly appreciated by this committee. I look forward to your testimony.

Mr. LANTOS. Thank you very much. Congressman Leach.

Mr. LEACH. Thank you, Mr. Chairman. I am an outsider to your subcommittee.

Mr. LANTOS. We are delighted to have you. You have a permanent invitation.

Mr. LEACH. I would also welcome the witnesses and, sir, I am just here to listen.

Mr. LANTOS. Congressman Ballenger.

Mr. BALLENGER. I will follow up with Congressman Leach and say I am happy to be here and I hope to hear some very intellectu-

ally and intelligent approaches to the problems that I don't know a great deal about. So I am glad to be here. Thank you, sir.

Mr. LANTOS. Both of you have a permanent invitation to join us and we are delighted to have you.

Governor, it is all yours.

## STATEMENT OF THE HONORABLE DICK THORNBURGH, FORMER UNDER SECRETARY GENERAL, UNITED NATIONS DEPARTMENT OF ADMINISTRATION AND MANAGEMENT

Mr. THORNBURGH. Thank you, Mr. Chairman, and members of the subcommittee and other Members. It is a pleasure for me to be here as well and to share some views with you on what I believe are important issues that affect not only the responsibilities of the Congress but issues worldwide.

A week ago today I completed a 1-year tour of duty as Under Secretary General for Administration and Management at the United Nations. My assignment was undertaken at the request of President George Bush. It was to join the team of the new Secretary General, Dr. Boutros Boutros-Ghali, so as to provide an outside viewpoint on the operations of the organization from the standpoint of integrity, efficiency and cost effectiveness.

My testimony today is intended to provide an overview of my experience at the United Nations during a period of great change. Vast changes indeed have occurred of late in both the world at large and within the United Nations. These changes have provided an unprecedented challenge to the operations of the United Nations and an equally unprecedented opportunity to realize the goals set forth in the 1945 charter establishing the organization.

Changes in the world have been brought about by the end of the cold war and a new emphasis on the rule of law, building democratic institutions and concern for humanitarian matters and for human rights. Changes in the United Nations have expanded its membership to 180 nations—including 14 new members in just my 1 year of service—seen a shift from an era of passive refereeing of ideological differences to an era of actively addressing pressing challenges around the world.

This renewed focus on collective security and the quest for a better quality of life for all has empowered the organization to revert to first principles and to begin to develop a consensus as to how best to fulfill the expectations of the world's citizens.

What are the challenges that accompany these opportunities? They are myriad and indeed daunting.

The most visible and costly operations of the U.N. today are in the peacekeeping area. The number of these operations has skyrocketed and their characteristics have changed substantially, as the United Nations has become kind of a worldwide 911 emergency number. No longer are peacekeeping operations only of the traditional type, designed to monitor militarily the political settlement of hostilities. New institution-building exercises in areas such as Angola and Cambodia now require a variety of diverse civilian skills as well. More recently, peacekeeping operations where there is no peace to keep have been mounted to provide humanitarian aid in the former Yugoslavia and in Somalia.

During the years from 1948 to 1987, a total of 13 peacekeeping operations were mounted. Since then, in the last 5 years, 13 more have been undertaken, with other potential hot spots cropping up with regularity. This quantitative change is reflected in the increased personnel requirements to staff peacekeeping operations. Consider that the number of military involved in 1987 was 9,500; last year 45,000. The number of police in 1987, 38; last year 4,852; the number of civilian participants in 1987, 895; last year 9,500.

Annual peacekeeping costs meanwhile have increased twelvefold since 1987 to a total of $2.5 billion last year with further increases likely in 1993.

Unfortunately, these new assignments are severely straining the financial and organizational machinery of the United Nations. Practices and procedures utilized during nearly a half century of stalemate are proving inadequate to an era of around-the-clock, around-the-world action. No longer can the United Nations support these operations on a business-as-usual basis. Major operations like Desert Storm and Restore Hope have been, in effect, subcontracted to the United States, the world's remaining superpower, in recognition of the logistical shortcomings within the United Nations.

The Secretary General has laid out an ambitious plan to help keep the United Nations abreast of its obligations in his agenda for peace, calling for more preventive diplomacy, some form of ready reserve in the military sphere, greater flexibility in financing and procurement practices and more reliance on regional organizations as a first line of defense.

But, for the immediate future, peacekeeping challenges will abound and will place a severe strain on United Nations resources and finances.

What about economic and social development and the need to deal with poverty, hunger, unemployment and stagnant economic growth?

Of particular significance here is the increased emphasis on the creation of democratic institutions and market economies since the end of the cold war and the collapse of the Communist model. I was first introduced to this during my service as Attorney General in a series of historic meetings with our counterparts in what was then the Soviet Union, later with the Russian Federation and with the leaders of Eastern and Central European countries where the establishment of the rule of law was recognized as absolutely necessary, both to ensure the protection of individual rights and to provide a firm basis for economic recovery.

These same winds of change are now blowing through the developing world as countries in Africa and Asia also seek to establish multiparty political systems and market economies to aid in their growth. This creates quite a different set of challenges for the United Nations' effort in this field as well.

For example, one of the most intriguing turnabouts in the economic field has been the transmission in the role of the United Nations Center for Transnational Corporations. Originally established to check the inroads of giant multinational corporations in the developing nations' economies and to provide a strict code of conduct for their activities, this center is now being urged to facilitate the entry of these same corporations into developing countries and to

promote their investment as a means of stimulating needed economic growth, increased employment, and a better quality of life.

Here again, the United Nations finds its present structure challenged by additional demands. Indeed, structural changes in economic and social development endeavors are long overdue. The Secretary General himself has noted and I quote: Duplication is widespread; coordination is often minimal; bureaucratic battles aimed at monopolizing a particular subject are rife, and organizational objectives are sometimes in conflict.

How has this condition developed? Many historic phenomena have conspired to produce this result. First, there are entirely too many councils, departments, conferences, boards and agencies dealing with economic and social development—everything from UNICEF to UNESCO, from FAO to WFP, from UNDP to UNCTAD. Scores of agencies vie for attention and funding in all these areas.

Moreover, many of these entities are separately funded and have independently governing bodies so that the need for the United Nations to speak with one voice and provide a degree of coordination is constantly frustrated.

Reform efforts have made a start. A number of separate operations were collapsed into a new Department of Economic and Social Development last year—since, this department has regrettably been divided into three parts—and this will begin to provide some order within the organization.

But what is really called for is a complete overhaul. In my report to the Secretary General, I called first for the establishment of a development council through which member states and the United Nations would be obliged to harmonize the present cacophony of voices on economic and social development policy.

Further, the Secretary General has advocated a unified United Nations presence in each country to replace the present numerous outposts of separate components of the bureaucracy.

More problems should be tackled and implemented on a regional basis and comprehensive plans should be devised to promote the movement in both underdeveloped countries and economies in transition away from authoritarian political systems and state-run businesses to multiparty democratic institutions and market economies.

Economic change is one place where a lack of funding is often not the problem. It is rather the absence of a climate for private investment and of technical advice in areas of need.

In the aggregate, however, financial problems do threaten the future of the United Nations. The organization currently runs the risk of becoming a victim of its own credibility as the demand for resources outraces those available and the term "financial crisis" becomes a permanent description of the organization's financial status.

The United Nations is perpetually short of cash due to the late and uneven payments of member states of their assessments. At the end of 1992, arrears totaled over $1 billion, nearly evenly split between the regular budget and peacekeeping assessments.

On the positive side, the United States, the single biggest traditional contributor in arrears, paid almost all of its contributions

last year and is in the process of liquidating past arrears under the 5-year plan adopted by Presidents Reagan and Bush. And President Clinton has already indicated a desire to see the United States brought current on its obligations to the United Nations.

The member state with the second largest arrears is the Russian Federation, where I visited late last year to impress upon its leaders the necessity to address this condition. Their financial problems, however, obviously far transcend the mere inability to pay United Nations assessments. Together, these two major contributors accounted for nearly 65 percent of the year-end arrears in payment.

To put the financial situation in perspective, I would remind you that the combined regular and peacekeeping budgets of the United Nations during 1992, were less than the amounts paid by the city of New York for police and fire protection during the same period. The problem is mostly one of cash flow, particularly with regard to peacekeeping operations where every startup effort is similar to a financial bungee jump undertaken in blind faith that timely appropriations will soon be forthcoming.

To help with the financial situation, I asked the Ford Foundation to fund a review by a distinguished group of outside experts chaired by Paul Volcker, former Chairman of the Board of Governors of the Federal Reserve Board, and Shijuro Ogata, former Deputy Governor of the Japan Development Bank. Their report, recommending a number of significant changes awaits action.

Most of the problems I have referred to, sooner or later, end up in the Department of Administration and Management, which required substantial strengthening upon the coming to office of the new Secretary General. To his credit, Dr. Boutros-Ghali made a strong commitment to restructuring and reform from the outset of his administration. It fell to our department to carryout the nuts and bolts operations to make the organization more effective and more efficient. No small task.

In the words of former U.S. Permanent Representative Edward Perkins: Being effective means doing the right thing. Being efficient means doing the thing right. We tried to do both, by the introduction of a number of important reforms, aided substantially by the pro bono management consultant services provided to us for a 6-month period by McKinsey and Company.

During the last year, the United Nations has accomplished the following specific reforms:

A reduction in the number of high-level posts and the drawing of a clear distinction between political and civil service posts; the merger and streamlining of a number of components of the organization to eliminate duplication and overlap; the imposition of a hiring freeze and the subsequent redeployment of about 50 percent of existing vacancies so as to put more resources into the field; an overhaul of field operations to provide better support for initiatives in the growing areas of peacekeeping, humanitarian aid and political assistance; a commitment to more training, especially management training, and a greater use of technology; and, finally, the recruitment of new management personnel.

Much, however, remains to be done and will probably require the balance of the Secretary General's 5-year term to accomplish. Among other matters which I have suggested are the following:

The further elimination of deadwood from the organization and establishment of means to recognize outstanding performance; an attack on featherbedding practices and the introduction of a totally revised personnel system; a moratorium on further costly worldwide conferences and a reduction in travel expenses; a reduction in the unnecessarily wide array of United Nations publications; adoption of a comprehensive code of conduct requiring full financial disclosure by key staff members to deter conflicts of interest and other wrongdoing; and, finally, the creation of an Inspector General's office to deal with problems of fraud, waste and abuse, and to carryout important functions of audit, inspection, investigation and program evaluation.

Let me say a special word about the proposal for an office of Inspector General. In my report to the Secretary General last week, I noted that the United Nations presently is almost totally lacking in effective means to deal with fraud, waste and abuse. The chronically fragmented and inadequate structure for audit, inspection, investigation and program evaluation is currently so ineffective that pickup teams had to be mustered in order to carryout inquiries into allegations of serious wrongdoing. The delay inherent in the process of recruiting and staffing these teams often allowed the trail to grow cold. It also deprived the investigation of its vitality and the professionalism and impartiality which would come from more regularized procedures.

This need is especially crucial given the mounting concern over the rising level of the United Nations expenditures in nearly every area. As noted in the Volcker-Ogata report, support for improved financing will be dependent upon a perception that funds are economically managed and effectively spent.

This will require the prompt activation of a strong Inspector General's office.

Whether these and other necessary reforms can be accomplished will depend upon the exercise of the necessary political will by the Secretary General and member states supportive of reform.

This is not reform for reform's sake. All of these efforts are designed to produce changes that will enable the United Nations to face today's totally unprecedented challenges and opportunities. While there are some who doubt that such changes are possible, my own sense is that strong leadership and continued dedication on the part of those who support the United Nations will enable it to fulfill its mission.

And that mission should not be obscured. It was Dag Hammarskjold, one of the first to serve as Secretary General, who noted that the United Nations was created not to bring mankind to heaven but to save it from hell.

This the organization can do by continuing its important initiatives in peacekeeping, humanitarian endeavors, economic and social development and human rights, and by continuing on the course of reform that I have attempted to summarize today.

Thank you, Mr. Chairman. I will be pleased to answer any questions you might have.

[The prepared statement and biographical sketch of Mr. Thornburgh may be found in the appendix.]

BURDEN-SHARING

Mr. LANTOS. Well, thank you very much, Governor, for an excellent presentation. You have covered a very broad field, raised a lot of issues, and I think we are all deeply grateful to you.

Let me begin with some of the more difficult issues. I realize that you are walking a delicate line in terms of being candid with us on the one hand while remaining diplomatic on the other. As a matter of fact, reading your report required two sets of spectacles, one to read the report; then the second one to read in-between the lines, because there were lots of things there that you clearly were anxious to say but for proper reasons of observing diplomatic etiquette you chose not to.

We are dealing with reform but we are also dealing with burden-sharing and I would like to begin with the subject of burden-sharing. The American people are, and have been since the founding of this organization, more than ready to pay their fair share, but what the American people have objected to and what Congress has objected to was what many of us felt was an unfair pattern of burden-sharing. And let me deal with that issue first.

As I understand the Volcker report, one of its recommendations is to abbreviate the time period that we look at in terms of country shares of U.N. costs. This is particularly important at a time when there are cataclysmic changes going on in some countries, like the former Soviet Union, where the economy has collapsed, and in other countries such as Japan where the economy has shown enormous growth in the last decade or so.

As I understand it, we look at the last 10 years of a nation's economic performance to determine how much it should contribute. The Volcker report recommends that that be cut to 3 years. The immediate impact would be a reduction in the contributions of the former Soviet Republics and an increase in the contributions of Western Europe and Japan, certainly the wealthy Arab countries.

Do you favor this move, Mr. Thornburgh, in terms of reallocating burden-sharing as it presently exists?

Mr. THORNBURGH. I think the Volcker-Ogata report makes some very pertinent observations in this area. As you know, Mr. Chairman, the assessment formulas vary for the regular budget and for peacekeeping operations. The Volcker-Ogata report makes recommendations for changes in both areas.

In the regular assessment, as you point out, the principal change that is recommended is to reduce the period during which the GDP of a member state is averaged, from 10 years to 3 years, to accomplish the goals that you recognize to put in a time of tremendous change a more realistic label upon the ability of a member state to contribute. This, as you point out, would result in a slightly lower rate of assessment for those countries that are going through painful economic change and redistribute that burden to more countries with growing economies.

I think that is a very logical kind of recognition of the type of change that the world and its economies are going through.

In the peacekeeping assessment recommendations of the Volcker-Ogata group, the particular goal is to take note of states that may not otherwise appear to be true GDP candidates for higher assessment but that have a high per capita income, and the recommendation of the commission is to move them into a higher rate of assessment to reflect that ability to pay that accompanies the higher average per capita income.

Again, and it talks about phasing this in over a period of time. Again, it seems to me that is the kind of fine-tuning that ought to be undertaken. These recommendations have to be, of course, taken in by the General Assembly through the Fifth Committee and the Committee on Assessments, which to whom ultimately these recommendations are addressed.

If they are addressed and implemented, I would suggest that that sends a very positive signal to the major contributing countries of recognition, that these assessment formulas must be maintained on a realistic, sound basis in view of the changes in the world economy.

COSTS OF SOMALIA OPERATION

Mr. LANTOS. Now, from the American point of view, probably the most important contribution issue at the moment is the cost of the Somalia endeavor. Our understanding is that as of May 1, the United Nations will take over that responsibility, although we will continue to have some 8,000 personnel on the ground and, obviously, considerable logistics support on top of that.

I have always felt, Mr. Under Secretary General, that the Somalia venture, which I fully supported, should have been funded from day one by the United Nations. I think it is an unreasonable and unrealistic imposition of an additional burden on the United States to finance the operation as we are now basically through our own resources. And I wonder if you would comment on the desirability and feasibility of having U.S. costs involved with the Somalia operation being offset against U.S. past debts to the United Nations?

I must admit to you that I am sick and tired of listening to some people at the U.N. who complain about our failure to meet past obligations and who blithely ignore the hundreds of millions of dollars that the U.S. taxpayer has put into what essentially should have been a United Nations operation from day one.

We undertook it because we alone had the logistic capability of undertaking it, but I see no earthly reason why the Japanese, the wealthy Arabs, and our European friends should not fully participate in funding this operation, and not as of some future date but as of the date that the operation commenced.

Mr. THORNBURGH. Let me try to deal with a complex and unfolding situation as best as I can from the point of view of financing.

The financing mechanism for peacekeeping operations is presently grounded upon the specific mandate of the Security Council as is implemented through the budgetary mechanisms of the advisory committee on administrative and budget questions, the Fifth Committee and the General Assembly, and the assessments levied on the basis of the budget that is adopted through that process.

The United States in the peacekeeping area presently pays around 30 percent of that cost. There will be, in due course, a re-

vised mandate for the Somali operation, UNISOM-II, which will affect the transfer of operational responsibility from the United States to the multinational force that will be assuming those responsibilities, and under that mandate the United States will be obliged to pay its normal 30 percent or so share of the cost of the operation.

With regard to what I referred to as the subcontracted operation, Restore Hope, wholly a, or in large part, a U.S. responsibility, this is one of those areas where what is undertaken on paper makes a great deal of sense but does not work out in practice. Because, as you know, Mr. Chairman, the operation was intended to be carried out by the United States and financed out of a separate extra budgetary trust fund to make the United States whole for its expenditures.

Now, on paper that is to the advantage of the United States, because on paper that means that out of that trust fund the United States would be reimbursed for 100 percent of its outlay in that regard and would not be contributing 30 percent of it as it would be under the normal contribution formula. However, that trust fund is vastly inadequate to undertake the reimbursement on a full basis. The contributions that have been made are nowhere near what would be necessary to reimburse the United States for its total cost.

Mr. LANTOS. Do you happen to know what the status of that trust fund is?

Mr. THORNBURGH. The level of that trust fund?

Mr. LANTOS. Yes.

Mr. THORNBURGH. I don't know what it is as of today, but I know it is far from adequate, because we don't have a final figure as to what the outlay of the United States will be as of the change, if it occurs on May 1. But, clearly, as we worked through this operation from December on, it was apparent these contributions were not coming in.

And, indeed, it may be fruitful for the United States to look toward some kind of an arrangement against its contribution to UNISOM-II to make up those costs. But, again, I want to revert to the fact that, in theory—you can't pay bills with theory, I know that—but, in theory, the desire here was to see the United States totally reimbursed for its commitment up and until the time that the transfer take place where the normal assessment procedures would kick in.

Mr. LANTOS. I find your answer extremely helpful, Mr. Thornburgh, and let me indicate to you it is my intention to pursue this matter so that the United States is made whole.

I find it utterly unrealistic and utterly unfair on the one hand to have our debts, which are real dollar debts, expected to be repaid in toto, as I believe they should be, but a trust fund which was established to make us whole for our Somalia humanitarian operation not being funded by the other members of the United Nations.

And under those circumstances, I suspect both prudent business practice and elementary fairness demands that we will make some offsetting adjustments. If the United Nations will not pay its obligation to us, its debt to us, then I think the only way we can deal

with that, realistically, is to deduct from our obligation to them whatever the difference is.

And in this budgetary climate, I expect my colleagues on both sides of the aisle will find my reasoning having some merit.

Mr. THORNBURGH. May I only add, Mr. Chairman, the caveat that the books are not yet closed on the trust fund and——

Mr. LANTOS. Exactly.

Mr. THORNBURGH. And it is entirely possible that that reimbursement will be forthcoming. As of the present time, it is my understanding those amounts are inadequate.

Mr. LANTOS. I fully agree with you, and if in fact the trust fund is fully funded and the United States will not be out any significant sums, then, of course, there is no need for such——

Mr. THORNBURGH. Which was the case with regard to Operation Desert Storm. There was general agreement that was fairly inequitably handled with regard to reimbursements to the United States.

PEACEKEEPING, PEACEMAKING AND PEACE ENFORCEMENT ACTIVITIES

Mr. LANTOS. I suspect, given the turbulent state of the globe following the end of the cold war, that a growing share of U.N. activities will be in the military arena in terms of peacekeeping, where there is a peace to be kept, or peacemaking where it needs to be made, or peace-enforcing where it has been made but needs to be enforced by multinational forces. Yet it would seem to me, Mr. Thornburgh, and correct me if I am wrong, that the U.N. Headquarters' staff in New York, on the whole, is generally contemptuous of the military. There is an antimilitary atmosphere that permeates much of the U.N. Headquarters, when of course peacekeeping, peacemaking, and peace-enforcing is dependent on military planning, logistic communications and competence.

I am wondering if you would agree with my assumption there is an antimilitary bias at U.N. Headquarters, and if in fact this is the case, how you would propose to deal with this problem. Would you propose contracting out these military operations to regional entities such as NATO, and depend only on a small headquarters staff?

I must admit to you I find it incomprehensible that there is no 24-hour communications capability at U.N. Headquarters when U.N. peacekeeping and peace-enforcing units are in dozens of places around the globe.

If the military commander in the former Yugoslavia, with whom I had the pleasure of visiting, needs to get in touch with New York, he has to wait until the shop opens up. This strikes me as an absurdity.

Mr. THORNBURGH. I am not sure, Mr. Chairman, that there is what you describe as a contempt for the military in the Secretariat. I believe there is considerable frustration on the part of the military with the modus operandi in the Secretariat in providing them necessary services and support. And as I indicated, I believe that is a reflection of the stress that has been put upon the Secretariat by the vast increase in both the amount and complexity of these field operations.

Some steps have been taken already to rectify that shortcoming. Working with both the Department of Peacekeeping Operations and the Field Operations Division, we, for the first time last year,

established a mission statement for the support of operations in the field. Heretofore, they had operated on an ad hoc basis, and if there is anything that is a formula for tension and misunderstanding, it is an organization with vast responsibility that has no mission statement.

Furthermore, I found our Field Operations Division was more or less buried within the bureaucracy and attached it, instead, directly to my office and provided new leadership and established desk officers within that operation to handle the proliferation of activities around the world.

You are quite correct in your observation with regard to the lack of a situation room or 24-hour control center, communications center. One of the recommendations I made to the Secretary General in the report I have communicated to him and one that I expect will be followed through by the Department of Peacekeeping Operations, which itself has new leadership at the present time, however, I believe that the changes in operations are so wrenching and have ushered in such a different environment that one of the most important recommendations that I made to the Secretary General was to utilize the services from the outside of experts in management which can analyze the whole process of support for military and, indeed, humanitarian operations in the field.

As I noted, McKinsey and Company, international management consultant firm, was good enough to give us gratis 6 months' of service in analyzing some of the administration and management problems within the department I headed. They were extremely helpful and introduced a lot of new thinking, modern thinking, into management problems that had gone untended over the years.

In their quick look at the Field Operations Division, and in the area in particular about which you are concerned, they estimated that as much as $100 million in annual savings could be forthcoming from a careful study and implementation of change within that area. They also, in their quick look, determined that a higher level of service could be forthcoming to those in the field.

And I think those kinds of changes, rather than any purposeful animosity toward the military, I think the need for those kind of changes lay at the root of the dissatisfaction which you and I have both heard from military officials in the field about the attitude of the Secretariat.

In fairness, I must say those engaged in peacekeeping and the Field Operations Divisions at headquarters, a veritable corporal's guard, very understaffed, have performed heroically in many instances within a system that does not accommodate itself to the kind of rapid response, rapid deployment and logistical support that is necessary in this time of great challenge.

But in equal fairness to them, I think it is important that the types of observations and changes that I have recommended be undertaken in order to give them the tools to provide that kind of service.

Mr. LANTOS. Well, I fully agree with your comment. I only had one quick question, then we will skip over to Congressman Smith, because he has a press conference in a few minutes and I want to thank Congressman Bereuter for yielding to him.

As you know Governor Thornburgh, President Clinton's preliminary budget request indicates that he will ask Congress for an additional $220 million in order to meet our expected assessments for U.N. peacekeeping and other activities in fiscal year 1994, which begins October 1 of this year.

Do you support the authorization and the appropriation of these funds?

Mr. THORNBURGH. That is a difficult question for me to answer in this respect, Mr. Chairman. The payment of assessments by member nations to the United Nations is a treaty obligation. It, in many respects, from the U.N.'s point of view, is nonnegotiable.

I think it is extremely significant that under the last three Presidents a commitment has been made to honor that treaty commitment. I have pointed out this morning that these costs are rapidly rising with the introduction of UNISOM-II into the mix. The peacekeeping costs are, in all likelihood, are going to vastly increase this year when it is considered as well that there are new operations being considered in Mozambique and there are a dozen or so other trouble spots around the world.

These are going to put a strain on the budgets of all of the member state contributors. And it is for that reason that I reiterate my concerns about the management and financial integrity of the organization.

The report I referred to, the Secretary General has, in some quarters, been characterized as an assault on the U.N. or as being critical of the Secretary General. That is the furthest distance from what I intend.

I went to New York as a strong supporter of the United Nations. I left my 1-year assignment even a stronger supporter of the United Nations. But for that reason, I believe it is terribly important not to sweep under the rug the current problems that exist in administration and management of the organization; that they must be addressed, and your interest and your colleagues' interest in these issues, I believe, is a very positive step in that direction.

And I would expect that the administration, the Secretary of State and the new Ambassador to the U.N. will also manifest a strong interest on the part of improving administration and management to justify the commitment of taxpayer dollars to support of this very important organization.

Mr. LANTOS. Thank you, Mr. Under Secretary General.

Congressman Smith.

Mr. SMITH. Thank you very much, Mr. Chairman. I appreciate Mr. Bereuter allowing me to go ahead of him. We are trying to save McGuire Air Force Base and have a press conference scheduled—which began a moment ago.

Governor, I have several questions, but I will pose only two. Thank you for your testimony, which was excellent.

SHORT-TERM BORROWING AUTHORITY

I, like Mr. Bereuter, served as a congressional delegate and saw firsthand a number of strengths and weaknesses in the U.N. system. I was in Geneva during the crisis in Iraq, the Kurdish people were escaping Saddam Hussein. One weakness that I saw was at the time when many of the humanitarian organizations were trying

desperately to garner money by way of appeal. Had it not been for the U.S. Special Forces, which did an exemplary job dropping medicines and food, thousands of Kurds would have died as a result of exposure to the elements, disease and hunger.

I note that you raised the issue of short-term borrowing authority for the General Assembly. Please elaborate briefly on that, and how other U.N. organizations, like the UNHCR and the FAO might be able to respond better in a crisis. It seems to me the U.N. system has no sitting capital they can commit to the crisis.

They send out appeals and hope the money will come in, meanwhile there is a month to 6 weeks' gap and people die.

Mr. THORNBURGH. That is a very important point. It underscores my characterization of the principal problems in the organization being in the cash flow area.

Let me say as an aside that having had previous experience as a governor operating under a balanced budget amendment where revenues and expenditures have to be matched every year, and then spending 3 years as a Cabinet member under Presidents Reagan and Bush in an environment where no such discipline was forthcoming, it was a welcome change to be in an organization where its own balanced budget amendment prohibits running at a deficit.

I don't want my remarks to be construed as favoring borrowing as a habit or a way of life for the United Nations. Nonetheless due to the irregularity and in some cases delay in payment of assessments, there is a perpetual cash crunch at the U.N.

While the Volcker-Ogata report rejected the suggestion that short-term borrowing authority be given to the U.N., my own view is that within limits that would be desirable to address the very problems that you refer to.

There are, however, two other mechanisms which may obviate the need for that kind of authority if they are followed up upon and pursued.

In the humanitarian area, as you know, beginning last year, there was a $50 million emergency fund created to be administered by the new Department of Humanitarian Affairs. A similar recommendation with respect to peacekeeping operations of a $400 million fund to provide short-term relief in funding peacekeeping operations was made in the Volcker-Ogata report.

At the same time, the report recommended that the Secretary General be given authority to commit 20 percent of the estimated budget of a peacekeeping operation immediately upon the Security Councils's taking action on the I think admissible theory that that budget would never be cut by as much as 80 percent and that would get the money into the field.

They also recommended in the report an increase through a one-time assessment in the working capital fund, but all of those are subject to action being taken by the General Assembly in due course.

It seems to me under the theory of a belt-and-suspenders operation that there would be no harm in granting limited short-term borrowing authority to the U.N. to meet and fill the types of emergencies that you describe rather than having those emergencies fes-

ter and the unnecessary human suffering that results from an inability to put resources into the field as quickly as possible.

So I would suggest all the things recommended in the Volcker-Ogata report plus a limited short-term borrowing authority—not deficit financing, but short-term borrowing authority, would be useful in this in regard.

THE NEED FOR AN INSPECTOR GENERAL

Mr. SMITH. One final question regarding your suggestion for the creation of an Inspector General.

As you may recall during the Reagan-Bush administrations, when the Kemp-Kasten language dealing with anticoercion in population control was put into effect, we had problems with getting a true accounting from the United Nations Population Fund as to their complicity in the atrocities being committed against Chinese women, primarily with forced abortion and forced sterilization, and in general against the family.

I met with Dr. Sadik for well in excess of an hour, probably closer to 2 hours, and while I found her to be a nice person, she stone walled. Other attempts were made and it is my understanding that U.N. regulations preclude a GAO-type accounting of how the money is spent.

Apparently no country can conduct an audit of United Nations books to determine whether or not U.N. policies themselves are being contravened by work on the ground.

I believe there continues to be a tremendous amount of duplicity by UNFPA people in China who front for the horrific coercion in China.

I want to hear more about an independent inspector. For example, the GAO doesn't merely look at how the money is spent, but it also looks at whether or not congressional intent and the letter and spirit of the law is being carried out. In your judgement, could this Inspector General be independent enough and have a mandate sufficient to make a judgement? U.N. family planning policies call for volunteerism, which I think is crucial to population initiatives rather than coercion. Could the Inspector General look at the policies and see whether or not in China, for example, UNFPA is part of a program that is coercive. If so, they themselves—not Congress or other countries raising the issue—but they themselves can say, "Wait a minute. This is out of line with the 1984 U.N. plan of action which calls for volunteerism and nonabortion means of population control." Therefore, they can police themselves.

As you pointed out, the Joint Inspection Unit, was largely ineffective. I don't think they had the mandate ever to look at policy. Can this Inspector General be empowered in that regard?

Mr. THORNBURGH. Without addressing the substantive issue, although I certainly share your concerns about coercive practices when it comes to population control, I think there are a couple of things that I might point out in this regard.

First of all, in the final analysis, compliance with policy by anybody within the U.N. is primarily the concern of its governing body, and those substantive issues have to be addressed initially within the governing body, and are from time to time. Where the United States or any other member state has a member of the governing

body, it is their principal and initial responsibility to monitor the compliance of that agency with the policy guidelines set down by the governing body.

There is a residual responsibility within the General Assembly and the appropriate committees of the General Assembly to do that as well. Nonetheless, in the report that I gave to the Secretary General, I suggested that the Inspector General, while he or she would have primary responsibility for audit, inspection and investigation, it might well be considered to add a program evaluation component that would carryout the types of studies that were important in determining whether or not a particular agency was complying with the substantive guidelines that were set fort by the various intergovernmental mechanisms available for that.

I am not sure whether that is biting off more than the Inspector General's office could chew at the outset, and I think it might be something that might be phased in over a period of time. But it is a real possibility to add an additional trip wire to ensure that policies are being followed as they have been enunciated.

Mr. SMITH. Thank you for that answer. I hope that that recommendation is phased in very quickly because unfortunately the governing body is looking the other way at this point on coercion. As a matter of fact, in my meeting with Dr. Sadik, she kept saying how totally voluntary the Chinese program was when Dr. Aird and Dr. Bannister were stating otherwise. Dr. Bannister is the U.S. Census Bureau specialist in this country, and Dr. Aird has spent a lifetime working on that issue. He wrote "Road Slaughter of the Innocents," a very decisive book about the duplicity by Chinese officials and how the U.N. has become a whitewashing agent in this regard.

We need the insight that an independent IG could provide and I do hope that they would phase it in overnight.

Thank you very much, Governor.

Mr. LANTOS. Thank you very much.

Congressman Bereuter.

Mr. BEREUTER. Before I ask my question, I wanted to say to the chairman that I will be happy to join him in his initiative with respect to our commitments and costs in Somalia and our arrearage.

Mr. LANTOS. I appreciate that.

### REFORM PRIORITIES

Mr. BEREUTER. Governor, you have given us an excellent list of recommendations in your report, and you have highlighted a few of the more important ones in your remarks here today. I want to make sure that these recommendations do not end up gathering dust on a shelf. The same would be true of the Volcker-Ogata recommendations.

So my questions first of all relate to these recommendations and how we can implement them, which of the reforms can be implemented by the Secretary General and on the other hand, which will require action of the General Assembly or the Security Council for implementation, which are the most important for the U.N. to deal with first, and what in other words do you see as a priority for reforms; and finally, in the same light, how can the Congress and the

U.S. Government push effectively for implementation of these reforms?

Mr. THORNBURGH. That is a large order, Congressman, to run through some 30 or 40 recommendations.

Mr. BEREUTER. If you would like to take a shortcut and followup in writing and describe which you think could be done by the Inspector General and which would have to take General Assembly and Security Council implementation, I would be satisfied if you could give us our priorities here today and how Congress and the Federal can push for implementation.

Mr. THORNBURGH. Let me try to give you some sense of priorities and I will try to follow up with a matrix of how these things might be dealt with.

In my view, given the need for increased financial support and the concern about the integrity of operations the single biggest priority would be action to create an Office of Inspector General. That would require action on the part of the General Assembly, but it would require first of all a commitment by the Secretary General to bringing that to the attention of the General Assembly.

I submitted my detailed recommendation to the Secretary General in December last year, and while clearly the Secretary General has far more on his plate than simply dealing with these kinds of proposals, I would hope that he would take early action on this to bring it to the attention of the fifth committee of the General Assembly which is currently considering the budget revised estimate for this fiscal year and the biennial budget for the next 2 fiscal year's.

I believe that that mechanism is crucial both as a means of dealing with actual fraud, waste and abuse for which the mechanisms are inadequate at the present time, but perhaps more important, to give a higher comfort level to contributing member states that their contributions are being cared for, that the stewardship of those contributions is not escaping the most intense kind of professional scrutiny.

I think that efforts that are under way already within the organization to beef up the capability for management, training and for recruiting and promoting managers within the organization commands a second priority.

Over the first 45 years or so within the U.N.'s history, there was due to the gridlock of the cold war less emphasis than might otherwise have been bought to bear on developing management techniques and management personnel.

Now the opportunity exists to remedy that at a time when management issues are center stage due to the vastly expanding operations of the U.N. Thanks to the Japanese Government and our training services operation, a program is already under way to begin this process of management training. It has the strong support of the Secretary General and I believe should be concentrated on as a priority.

The third area that I think is important is a number of signals to be sent to member states of concern about overspending and waste. I refer to perhaps three or four specific areas where this might be done, to send, to represent to the member states a com-

mitment consistent with the overall commitment that the Secretary General has made toward reform and restructuring.

In this area, I would group such things as a moratorium on scheduling new, expensive, worldwide conferences. There are a number of those already scheduled and I would certainly not want to hinder those, but I think it is time to take a breather in this respect.

We have the 50th anniversary celebration coming up of the U.N., which should be a very positive event. That is going to be a worldwide conference of considerable breadth. It seems to me that by not scheduling additional conferences between now and 1995 there could be a careful look taken at the experience with these conferences because they are very costly with regard to travel, support services, translation into six languages, and the like.

In that same category would be a careful review at a time of restructuring of the publications agenda for the U.N. There have been a number of ministudies done that indicate that there is an enormous amount of overlap and duplication and some support of second-rate scholarship that really doesn't justify the investment by the international community that has been called for.

U.N. publications are important. They ought to have a high degree of credibility. Their credibility ought not be debased by proliferation unnecessarily or lesser quality output.

Another thing would be to act upon one of the most egregious examples of featherbedding I have found within the Secretariat. In the Office of Conference Services where translation services are provided, we currently employ 500 secretary-stenographers who are given the responsibility of typing the dictated version of translated documents and returning them to the translators for editing and approval.

That is to say when a document comes in to be translated, the translator will dictate into a recording machine his or her version of the document, it goes to a typist, a hard copy results, and edits and changes will be made, and it goes back for final publication.

There is something in use called a word processor and in other settings translators are using direct translation on word processors, finding it unnecessary to have these typists available, and indeed by what I know of the translation business, providing ease in making on screen edits that is not forthcoming from using hard copy.

This change, phasing out these typists, could save the United Nations $20 million a year, but because of resistance and adherence to the status quo, this kind of featherbedding practice continues to this day.

I ordered that it be terminated, that a pilot project be instituted to phaseout the typists and phase in direct translation and that order was disregarded in the closing days of my tenure. I brought that to the attention of the Secretary General.

I don't mean to take so much time on this issue, but it is representational of a mind set within the Secretariat, within the bureaucracy that resists change.

There are a number of other representational changes that might be undertaken, but I will let it go at that.

A fourth area is to engage McKinsey and Company or some other management consulting firm or a combination of management con-

sulting firms to undertake to test out their estimate that organization could save as much as $100 million a year in peacekeeping operations. That was a preliminary estimate.

It seems to me to bring experts' and managements' views to bear on an area of the U.N. operations that is so vastly increasing in scope and in cost would be a very good investment indeed, particularly when investments are made in the joint inspection unit in the way of return with regard to better operations.

There maybe be other areas and I will turn myself to them, but I think those four areas would have a dramatic effect—one I might add, and this is a long-term effort and is reflected in the annex to the report that I gave to the Secretary General and that I referred to briefly in my remarks, is the complete overhaul of activities in the economic and social area.

Seventy percent of those expenditures are extra budgetary expenditures and not within the control of the Secretary General, and there is an enormous amount of duplication and overlap and accompanying waste in those operations that could be rationalized with the type of format that I have suggested.

Mr. BEREUTER. Thank you.

I think I can visualize how our Government, particularly the Congress can take some steps to push for implementation of these in the Volcker-Ogata reports. I will welcome suggestions from you if you care to add some in writing to the matrix that you have agreed to give us.

### THE PROBLEM OF TURF COMPETITION AMONG U.N. AGENCIES

I would conclude to ask one more question relating to what happened after the Persian Gulf War when there was an intense competition by the various U.N. relief agencies over who would control the relief effort. So we had UNICEF, UNDP, the U.N. Disaster Relief Organization, the U.N. High Commissioner for Refugees, the U.N. Human Rights Commission, the U.N. Peacekeeping Forces and others all engaged in some sort of a turf competition which delayed and added to the expense of our relief efforts.

So the solution at that time was to appoint a grand overseer, the Aga Khan. That doesn't seem to me to be the solution that we should find out of this episode.

Do you have any recommendations to us now or would you have some when you reflect upon that episode?

Mr. THORNBURGH. My observations would build upon the last recommendation that I made, and that is in the economic and social area. This type of competition and turf battle both the Secretary General and I have characterized as being one of the principal problems in the delivery of social and humanitarian services.

In one respect the creation of a Department of Humanitarian Affairs headed by my former colleague Eliason was designed to provide a permanent coordination function. One of the difficulties that is characterized by the appointment of the Aga Khan and other kind of pickup teams that are put into the field to deal with these problems, whenever that happens it seems to me to indicate that the institutions existing within the organization have broken down and are unable to cope with the situation and in this case was fol-

lowed up by the creation of a department, an institution that is given that coordinating power.

The difficulty is that most of these agencies that are in prospective or potential competition have their own governing bodies and their own sources of funding and are not responsive to the kind of central direction and coordination that is necessary in order to do the kind of job that is most efficient and effective.

I believe that while it is important to have the expertise of these organizations utilized to the maximum extent, it is counterproductive to have them spending valuable time and resources competing with one another to carryout the tasks that have been agreed upon by the Security Council or by the Secretary General, as you describe. And some kind of coordinating mechanism at the very highest level will be necessary to accomplish that. That may mean some rather drastic and Draconian reordering of the status of a lot of agencies within the U.N. family.

I made some suggestions in the paper I sent to the Secretary General last October as to how that might be undertaken. But now is the time to do it, a time of change, a time of the Secretary General truly committed to reform and restructuring, and some bold and dramatic steps in this area ought to be forthcoming.

I think the payoff would be enormous in terms of improved service and less cost.

Mr. BEREUTER. This is the time to do it, I couldn't agree more. Thank you.

Mr. LANTOS. Congressman Ballenger.

### FINANCING PEACEKEEPING OPERATIONS

Mr. BALLENGER. I would like to ask one question regarding the peacekeeping troops stationed throughout the world. I have seen them in Central America and all over—are they paid for by the country they come from? In other words, in El Salvador the group that was there were Canadians. Are their wages or the cost of their living paid for by Canada or is that billed to the United Nations?

If so and we leave 6,000 or 8,000 troops in Somalia and other locations and are replaced by Nigerians there is a substantial difference in pay scales, as a businessman I would wonder how that works?

Mr. THORNBURGH. The cost of a peacekeeping operation is assessed to the member states and then reimbursement is made from those sources to the countries that have contributed men and material to the peacekeeping operations. One of the difficulties that has arisen with the proliferation of peacekeeping operations and with the financial ups and downs of the organization due to the stop-and-start nature of its financing is that there are currently a number of nations to whom substantial amounts are owed on account of their contribution of men and material to peacekeeping operations. That is not a smooth flow of funds.

The reimbursement for those funds is often in arrears itself. So you have kind of a two-way street. The problem is that the same countries who are in arrears on payments are not the same countries to which the U.N. is in arrears upon troop reimbursement, and that requires an incredible amount of balancing by the experts

in moving this money around in order to keep the squeaky wheel oiled.

To put these on a current basis, as I have recommended and as the Volcker-Ogata group has recommended mechanisms that would be, I think, speaking again with an instinct of a business person as you have, a very sound message to send to member states.

Member states in my conversations with the Permanent Representatives at the United Nations in New York don't object to supporting the United Nations. They and you, I suspect, recognize that if there were no U.N., we would have to invent it. If you think peace is expensive, as Secretary Baker pointed out, try war. But I think that member states deserve and expect a degree of reassurance as to how those contributions are being spent, that they are being spent efficiently that is one thing—and in a cost-effective manner—that is another.

There are mechanisms in place to ensure that that is the case. And the long and the short of my report to the Secretary General is to offer a blueprint to achieve that goal. I think that would be in the best interests not just of the United Nations, not just of the 180 member states, but of the people who look to the U.N. for succor and support during these difficult times.

Mr. BALLENGER. Thank you, Mr. Chairman.

ROLE OF THE UNDER SECRETARY GENERAL FOR ADMINISTRATION AND MANAGEMENT

Mr. LANTOS. I have a couple of questions.

You just finished your term as Under Secretary General for Administration and Management. Now, historically this has been an American function at the U.N. How important do you think it is for this function to remain a U.S.-staffed function?

Mr. THORNBURGH. Let me say, Mr. Chairman, just to correct the record that it has not historically been a U.S. position. I don't remember—I am not steeped in the history of the organization of the Department of Administration and Management, but I don't think in its various iterations over the years since 1945 there have been more than a couple of Americans who have held this position.

I was asked to take this position for a year by President Bush as an outgrowth of his conversations with the Secretary General and his concern as a knowledgeable former insider at the U.N. about management issues and to aid in the implementation of Dr. Boutros-Ghali's ambitious program of restructuring and reform.

After the election, when I had the opportunity to bring this to the attention of Warren Christopher, who was then head of the transition, I pointed out the recent history of our involvement and urged the new administration to ensure that when my term was up in March, that a successor be insisted upon by the United States as a major contributor that would carry forward this same reform agenda.

My understanding is that conversations have ensued between now Secretary of State Christopher and Ambassador Albright on the one hand and the Secretary General on the other that has resulted in our representatives furnishing a list of names to the Secretary General for this position.

I obviously am not privy to the details of those discussions, but I think it is important not necessarily that this be an American position so much that it be a position manned by someone who has a commitment and the background and experience in dealing with these kinds of management problems.

I think the risk would be very great of undoing some of the commendable changes that the Secretary General has made if someone is not in that position who is committed to the reform agenda.

COMMITMENT TO REFORM MUST BE LONG TERM

Mr. LANTOS. Here in our country a top responsibility is to restore trust in our own institutions and it seems to me that given the rather critical nature of your report and similar reports, the United Nations as an organization has a similar responsibility. Perhaps its number one task is to restore confidence in its effectiveness, efficiency, and honesty as an institution. I believe that you have made a major contribution to that effort.

Before we thank you, Governor Thornburgh, are there any other observations you would like to share with us?

Mr. THORNBURGH. Only with respect to your last very wise observation about the importance of reform. One of the responses that was forthcoming to my report, which was intended to be constructive, was to the effect that identified some problems that remained to be solved, and asking why I hadn't cleared these up during the period of time that I had been at the U.N.

These are problems that have matured over nearly 50 years of activity. Some of them are capable, as I have outlined in the report, of being addressed and solved within a year's period of time. Most of them, however, are going to require a sustained commitment to the forces of the status quo that have so established themselves within the organization and which are not going to succumb merely to the admonitions of the Secretary General no matter how well intended.

It was my hope that by laying out this blueprint for the benefit of the Secretary General, for the member states involved, for interested observers and participants in the process like you and your colleagues that a head of steam could be developed for reform that would carry some of these forward and be completed within the Secretary General's term of office, which is a short period of time to be sure.

Mr. LANTOS. I think my friend Congressman Bereuter suggests that we should set the 50th anniversary as a target date.

Mr. THORNBURGH. I would second the motion.

Mr. LANTOS. Governor Thornburgh, we are deeply grateful to you. You have made a significant public contribution to our helping the United Nations become a more effective organization.

Mr. THORNBURGH. Thanks to you and your colleagues, Mr. Chairman.

Mr. LANTOS. Our next panel consists of Edward C. Luck, President United Nations Association of the USA; Hon. Charles Lichenstein, Distinguished Fellow, Heritage Foundation, and former Deputy U.S. Representative to the United Nations, 1981 to 1984; and Dr. John Gerard Ruggie, Dean, School of International and Public Affairs, Columbia University.

We are delighted to have all three of you, gentlemen. Your prepared statements will be entered in the record in their entirety and we would like to ask you to proceed any way you choose.

We begin with you, Mr. Luck.

## STATEMENT OF EDWARD C. LUCK, PRESIDENT, UNITED NATIONS ASSOCIATION OF THE USA (UNA–USA)

Mr. LUCK. Thank you very much, Mr. Chairman. I will abbreviate my testimony in the interest of time.

I would start by saying we very much welcome these hearings. I think they are timely and important. We are pleased to see Congress engaged in these kinds of issues. My remarks will be personal ones.

The United Nations Association is an organization with 31,000 members scattered around the country. I don't want to pretend that my views are identical with all of theirs. I would say there is a strong feeling in our organization, as people who believe in what the U.N. does and stands for, that it should be administered as well as possible and that scarce resources should be used very efficiently.

In my view the United Nations is not and probably never has been a well managed institution. No organization with 180 member states micromanaging its affairs, a loose collection of affiliated agencies, an ever expanding agenda, uncertain financing and a shortage of professional managers could ever be a model of efficiency and cost effectiveness.

As you pointed out, we don't know whether it is worse in terms of management than other bureaucracies, but there is much that needs to be addressed here. In particular, we should recognize that there is a wide and growing gap between the institution's responsibilities and resources. Therefore it is particularly urgent that its energies and finances be expended as economically and effectively as possible.

My own view is that Governor Thornburgh's report points to many of the right problems. I think much of his analysis is on target, though perhaps it is a little shorter on prescription than it is on analysis of the problems.

I think we have to look at why reform efforts have failed through the years. It is not because of a lack of good intentions from Congress or from the U.S. Government, but it has been a very frustrating process and these are not new issues. Many have been with us for a long time.

I would like to focus first on why American efforts through the years to reform the U.N. have achieved so little and what alternative strategies hold greater promise for the future.

I believe that the tactic of withholding a portion of U.S.-assessed contributions as practiced in the late 1980's failed to produce meaningful or durable management reform. It served chiefly to isolate and embarrass the United States, gave reform a bad odor in the U.N. community, and in fact stiffened resistance among many member states for what were really very sensible restructuring efforts.

As you and the governor pointed out, Presidents Bush and Clinton have said they would like to see the end of such illegal

withholdings and Congress has worked actively to pay our arrearage over time, which we very much appreciate.

There are two fundamental shortcomings of past reform efforts that really stand out. One has been our own national failure to develop and articulate a clear package of measures that would demonstrably strengthen U.N. operations. This stems in part from the difficulty we have had as a nation in developing a durable bipartisan vision of what we want the U.N. to be and what our priorities and interests are in the world body.

I believe that this hearing could be a step in that direction and we appreciate that.

Today, with a more promising political environment in the U.N. on these kinds of issues, we have a chance to mold the U.N. in a positive way, stressing what we want it to be rather than what we do not want it to be.

In the past, many in the U.N. community, rightly or wrongly, perceived the U.S. reform agenda and that of other major donors to be limited to reducing the size, scope and cost of the U.N., while maximizing our control over its budget and activities.

The metamorphosis in politics at the U.N. makes it very much in the U.S. interest today to seek to make the U.N. a stronger, and not just a cheaper and tamer, organization.

I believe that the articulation of a positive reform agenda for the U.N. would help address the second major short coming of past efforts; that was the failure to provide clear incentives to other member states for their support of reform steps.

It certainly is not easy to build consensus for change in a 180 member body, but it can be done with sufficient effort and vision, especially now that most decisions of both the General Assembly and the Security Council are adopted by consensus.

With the demise of the Soviet bloc, the chief obstacle is finding a way to bring aboard the developing countries, those that foot little of the bill but are the focus of much of the organizations's work.

That brings me to the question of what steps would do the most good in terms of improving U.N. management and employment of its resources. I would very strongly endorse the notion of establishing the post of Inspector General and endowing it with considerable authority and autonomy.

I don't know the degree of malfeasance and corruption in the system, but, whatever the level, it should be rooted out and dealt with promptly and rigorously. Many of the measures identified by Governor Thornburgh to facilitate the redeployment of resources from tasks of lesser priority to those of higher urgency should certainly be adopted.

This problem, along with the related difficulty of setting clear priorities and closing down outdated programs and missions has long concerned me and the United Nations Association.

His comments on the shortcomings of the personnel recruitment, training and promotion system are well taken, as are those concerning the problems caused by member states attempting to micromanage the budget and programming of the organization.

I can imagine being the CEO of an institution with 180 member states all telling me what to do. You too can imagine what would happen to any corporation under those circumstances.

Many of these issues are addressed in some detail in the *Successor Vision* study that our organization conducted and published in 1978. It was the product of a distinguished international panel chaired by Elliot Richardson.

We put forward at that point a raft of far-reaching reform proposals, some of which have been implemented, but most of which have not. In fact, most of these go far beyond the kind of things that were discussed here so far today.

Our primary contention was that reform of an organization's management should begin with a clear vision of its purposes, priorities and comparative advantages. I would call this strategic management or management with a capital M. This approach is even more relevant to today's U.N. as it faces an explosion in demands for its services around the world.

In this vein, while I very much sympathize with Governor Thornburgh's concern about the need to induce fuller coordination in the economic, developmental, social and environmental programs within the U.N. Secretariat, my sense is that the fundamental weakness lies in the intergovernmental mechanisms, chiefly ECOSOC.

Our *Successor Vision* report put forward several sweeping reform proposals in this regard and there have since been some modest improvements in ECOSOC's functioning, but the basic problem remains. Without an effective mechanism for determining priorities on the intergovernmental level, the Secretariat is bound to have a scattered look about it.

This also allows groups within the Secretariat to form alliances with individual member states or groups of member states and that holds up the reform process in many cases.

As has been discussed here, financial problems have very much been the bane of the U.N.'s existence. Rather than compelling management improvements, withholding of assessed dues—along with late payments and the tendency toward voluntary funds and extra budgetary financing—has tended to compound management shortcomings.

I would agree with the references to the utility of the recent Ford Foundation report headed by Paul Volcker and Shijuro Ogata.

Nowhere is the havoc of uncertain funding more damaging than in the financing of peacekeeping missions. As calls grow for the U.N. to act as a global policeman and as our own armed services undertake more missions with or for the U.N., it has become imperative that the member states see to it that these high-risk operations are fully funded and operated with the highest professional standards.

If our young men and women, not to mention those of other countries, are put at risk because member states are being penny wise and pound foolish, it would be the height of folly and irresponsibility.

I would point out that many people in our Armed Services, as they look at the question, say that the more the United States gets involved and the more the U.N. adopts more professional approaches to military and enforcement operations, the costs are likely to increase rather than decrease in this area. That is something we should recognize.

In closing, Mr. Chairman, let me reiterate my appreciation for your convening of this hearing on U.N. management practices and problems. These issues should be of concern to Congress not only because of their budgetary implications, but because good management at the U.N. begins with the policies and attitudes of its member states, the U.S. chief among them.

I hope that this hearing marks the beginning of a serious congressional and Executive Branch review of American interests, policies and strategies at the U.N.

I very much appreciate the opportunity to be part of that process. Thank you.

Mr. LANTOS. Thank you very much, Mr. Luck.

[The prepared statement and biographical sketch of Mr. Luck may be found in the appendix.]

Ambassador Lichenstein.

**STATEMENT OF HON. CHARLES LICHENSTEIN, DISTINGUISHED FELLOW, HERITAGE FOUNDATION, DEPUTY U.S. REPRESENTATIVE TO THE UNITED NATIONS, 1981–84**

Mr. LICHENSTEIN. Thank you, Mr. Chairman. It is always a pleasure to be here and to be in the same room with you, in light particularly of your distinguished work over the years in bringing us to the point at which we can speak of a post-cold war era.

At the same time, I must confess I am rather discouraged. I am somewhat encouraged by what I have heard from my friend, Ed Luck, the born-again reformer, which comes as a pleasant surprise to me. I remember sitting, I think it was in this very room, several years ago; Ed and I were on a panel on U.N. reforms. He said to me at that time, why don't you just declare victory and rest content; you have got it made? That was after Kassebaum-Solomon had begun to take a bite out of the U.N. wallet and that was, if I remember correctly, at the time of the so-called "experts committee," the committee of 16 which recommended urgent U.N. reform 6 or 7 years ago.

Yet, here we are today talking about essentially the same subjects. We have in our hands a splendid, compelling and authoritative report. Governor Thornburgh deserves your praise. It is a work of mastery. It is amazing to me that in 1 year's time he was able to come to such an understanding of what it is that makes the U.N. work and not work. But he ticks off precisely the same catalogue of the unresolved defects that we have been grappling with for at least the past 10 years—redundancy and duplication, lack of programmatic focus, the skewing of priorities, waste and possibly even outright fraud, unacceptable standards of professionalism, shading off into downright incompetence, and a budget process that he rather generally recognizes as "surrealistic."

The more the world changes, it would seem, the more the U.N. remains the same. Now why is this so and what can any of us—and you, in particular, Mr. Chairman and your committee and this Congress and the administration—what can be done about it?

The end of the cold war does not solve the problems we have before us. Indeed, in a very real sense it may exacerbate them. Reference has already been made repeatedly to the fact that expectations of the U.N. and of its performance are much higher today

than they were at the height of the cold war. The agenda is heavier, especially in the largely unexplored and complicated areas of peacemaking, as well as peacekeeping and institution-and nation-building.

Also, and I think this is most regrettable, the end of the cold war has seen a tendency on the part, particularly of the major powers and indeed of the United States itself, to dump problems, to offload problems onto the U.N. that have not properly been solved by the political instrumentalities of our several governments and which the U.N. is simply left to contend with as best it can.

But it seems to me that the end of the cold war does not automatically signal the solution to this range of problems, because this is a range of problems that the cold war had almost nothing to do with causing. These problems emerged, rather, as the U.N. itself evolved from 1945 to 1993 into an utterly different institution than that contemplated in San Francisco when the charter was written.

A U.N. of 51 relatively like-minded countries plus a small but containable Soviet bloc has become a U.N. of 180. And if there is a focus to these 180, except the mutual service of one another's special interests, I have not been able to discern what that focus is. The vast majority of these 180 are small post-colonial countries. They contribute a very small percentage of the U.N.'s total resources, but they tend to control the agenda of the General Assembly and thus the allocation of U.N. resources, particularly in matters of administration, management and personnel.

This new U.N. has spun off an incredible variety of special offices and departments and units which, taken all together, consume about three-quarters to 85 percent of the some-billion dollars to which Governor Thornburgh refers as having been received by the United Nations for its regular administration and management in the year 1992. And almost all of this expenditure is apart, as he has also commented on, from the high-profile functions of the United Nations organization in peacemaking and peacekeeping and nation-building. Moreover this spawning of endless units, departments, divisions, special undertakings—none of which, by the way, ever go out of existence, they just come into existence—all of them in turn spawn job markets, ready job markets for an endless supply of elitists from what we used to call the Third World.

It has given rise to—and these are all Governor Thornburgh's terms, not mine—the "old boys network," "deadwood," "featherbedding," and a "convenient patronage dumping ground." To make the matter even worse, it seems to me—grubby and mundane and rather undramatic as these problems are—they cannot be segregated from the U.N.'s ability or inability to come to grips with what ought to be its principal function and focus, and indeed is so becoming, its growing concentration on peacemaking, peacekeeping and institution- and nation-building.

The resources of the member states, as Governor Thornburgh and others have commented on, are finite. If you spend this much money, some of which is wasted, some of which is spun off in directions that can scarcely be described even by those who are intimately acquainted with the operations of the U.N., if that much is spent how much else is left over?

Along with the problem that the Volcker-Ogata report obviously points to and that Governor Thornburgh quoted from, that "support for improved financing will be dependent on a perception that funds are economically managed and effectively spent;" the tie between the mundane management problems of the United Nations and the high-profile issues of peacemaking and peacekeeping is direct. You, yourself, have made reference, Mr. Chairman, to the experience of General Mackenzie of Canada, who found that his phone calls were never answered, that his messages were never responded to. He was in Bosnia on a 24-hour, 7-day-a-week effort to bring some kind of order out of that murderous chaos; yet New York headquarters was apparently on its usual 4- to 5-hour-a-day, 5-day week with long holidays and long vacations.

Also, let us remember in thinking of the tie between mundane management and the dramatic aspects of peacemaking and peacekeeping that the U.S. effort in Somalia was launched precisely because the preceding U.N. effort had been utterly ineffective even in feeding the starving people of that country. The then-Special Representative in Somalia of the Secretary General, Mohammed Sahnoun of Algeria, is a good friend of mine. We served together in New York. I have the highest regard for him.

He wrote a scathing report; for him, it is almost incredible that he should have chosen words that strong to describe the mismanagement that he found in the field, the incompetence, the duplication of effort, the crossing of lines. For his efforts, he was rewarded by, I guess the polite term is "being permitted to resign."

What can be done about it? Can the momentum for genuine reform be generated out of the U.N. system itself? I think not. I think the networks are too tight. The self-interests are too deeply embedded in what should be the sinews and the muscle of the organization. The good times have been enjoyed for too long and the contemplation of a leaner, tougher, more effective United Nations is almost beyond the contemplation of most of the folks within the United Nations system.

Yes, of course, fundamental, meaningful reform requires a strong and sustained effort by the Secretary General; that goes without saying. But I do not think that even the boldest Secretary General will undertake such activities without the sustained support and indeed the initiative of the major powers of the world, the United States chief among them.

I quite agree with Mr. Luck. It is incumbent on the United States to sustain a policy of what we want the United Nations to be and what we want it to do and what we and our principal colleagues in the world—the major powers of the West, we hope Russia, possibly even China someday, India, Japan, Nigeria, Brazil—what we are prepared to do by way of sustained effort to keep the pressure on the U.N. organization to maintain itself lean and tough and effective, and what we in turn will contribute to making the whole organization run efficiently so that its purposes may be fulfilled.

The United States, in my experience—and I served for 3½ years with, I think, a distinguished Ambassador, at a most interesting time in the turnaround from full-scale cold war into the new era of reconciliation, leading finally to the collapse of the Soviet

Union—in my own experience in New York we tried hard, we had the full support of the President, we had the full support of the Secretary of State—and of the Congress—and yet even then, it was hard to maintain the momentum of reform. It is a full-time job. You have to work at it constantly and continuously, and you have to be able to hand it off to your successor and to your successor's successor.

It is incumbent on all of the leadership in our country, Presidents, Congress, as well as the leadership of the Department of State and the U.S. Mission to the United Nations to define what it wants, how it intends to achieve it, and to get on with the job. To which, of course—in terms of the contribution that all of you are making and the contribution that Governor Thornburgh is making—to which today's proceedings, I hope, will make their own contribution.

Thank you, Mr. Chairman.

Mr. LANTOS. Thank you very much, Ambassador Lichenstein.

Gerard Ruggie.

[The biographical sketch of Ambassador Lichenstein may be found in the appendix.]

**STATEMENT OF JOHN GERARD RUGGIE, DEAN, SCHOOL OF INTERNATIONAL AND PUBLIC AFFAIRS, COLUMBIA UNIVERSITY**

Mr. RUGGIE. Thank you, Mr. Chairman, it is a great personal pleasure to be here.

I understand, Mr. Chairman, that you and I were born only a few hundred miles apart and, in fact, that we have lived in the same State. It has been a long road, and I am honored at long last to make your acquaintance, having been an admirer of your work for many years.

Mr. Chairman, I won't repeat what has already been said; I agree with a great deal of it. What I would like to begin with is a disconnect between the press reports that first appeared of Mr. Thornburgh's paper and the paper itself, not because I have any particular interest in criticizing the press in this regard, but because I see here an opportunity——

Mr. LANTOS. Be our guest.

Mr. RUGGIE. I see here an opportunity to help broaden and deepen the debate beyond the sound bytes that appeared in the media.

Judging from what was reported, I had expected much more fireworks in Mr. Thornburgh's paper. In fact, when I read it, I found the paper to be a sober and well-reasoned analysis of U.N. administrative and budgetary defects together with some very constructive recommendations for change.

What I would like to——

Mr. LANTOS. Could I stop you there for just a second.

Mr. RUGGIE. Please.

Mr. LANTOS. I agree with your conclusion, but I am puzzled. As I read Mr. Thornburgh's report, I think there was a second report which was between the lines, and I felt that he exercised an enormous degree of restraint in describing problems that he was talking about.

I wonder if you share my impression that this is a diplomatic document, not really an investigative piece on the managerial deficiencies of the organization.

Mr. RUGGIE. I think you are quite right, Mr. Chairman, it is a diplomatic document. But even so, the initial impression I got was of someone pulling the pin on a grenade, slamming the door shut, and running the other way. And even reading between the lines, it is not that kind of a report.

On the economic and social sector, which is one of the issues that was reported on in the press, the crucial issue really is not how many assistant or under secretaries general there are—whether we are going two steps forward and one step back, or whether it is one step forward and two steps back. The fundamental problem in the economic and social sector of the United Nations is that it is absolutely devoid of any clear rationale, of any strategic orientation, and of any sense of priorities.

It seems to me that reorganization and reconfiguration in the U.N.'s economic and social sector must start with far greater attention to the setting of priorities, to the developing of strategic visions.

Appended to Governor Thornburgh's paper was a description of something he calls a Development Council. I would particularly urge your close attention to that document, because it seems to me that it could make a major contribution to doing precisely what needs to be done. It is an idea I support wholeheartedly. It is an idea that is much more weighty, in my mind, than head counting or reshuffling organization charts.

My second point has to do with waste, duplication and overlap. There is an enormous amount of that in the United Nations. There is, in most bureaucracies, of course. But I have to say that more time has been spent studying the issue of waste, duplication and overlap, and more time has been wasted studying the issue of waste, duplication, and overlap, than any other issue in the United Nations. There has been one round after another of so-called restructuring exercises at the United Nations, allegedly to streamline and enhance effectiveness. But most have produced monumentally little by way of practical consequences.

One asks oneself the question, why is that the case? Is it because people are perverse, is it because people are greedy, is it because of the problem of the 5-hour workday and the 4½ day workweek? I think the problem goes beyond that. I think the problem was very well put by Mr. Thornburgh himself in a letter to Secretary Eagleburger last October, a reprint of which I obtained from a U.N. press release.

Mr. Thornburgh said to the Secretary, and I quote: "You have asked whether it is possible to reform the United Nations. Obviously, any such effort must be a protracted one, but I believe we can set a course to bring about some significant reforms if the backing of member states is forthcoming. That is to say, real reform will depend far more on the exercise of the necessary political will by the member states than upon the ingenuity or persistence of the Secretariat." I say amen to that, Mr. Chairman.

In other words, until such time that countries, including our own, are able to speak with one voice in the United Nations, the

idea that one can coordinate effectively by devising yet new institutional mechanisms is an illusion. And I have to say, Mr. Chairman, that our country is no better than most in this regard, and it is worse than some. Our inability to coordinate our own positions and to follow through on a consistent set of priorities in the U.N. proper, let alone across the U.N. system, is strikingly deficient. And that is ultimately where the source of the fundamental problem lies.

The next point has to do with fraud and corruption. I have no idea how widespread it is in the United Nations; I have never done a study of it; and I know of no one else who has. On principle alone, I firmly and enthusiastically endorse the recommendation of the establishment of the position of an Inspector General. I suspect, however, that there will be serious intellectual and legal difficulties in defining the nature of this position, due to the environment in which the U.N. functions, not only multinational and multicultural, but comprising a whole diverse set of legal traditions. And I would simply urge that we not misconstrue these difficulties as signifying recalcitrance when they arise.

For example, in defining a code of conduct that is uniform for U.N. employees, some obvious questions that are going to have to be addressed include: On the basis of which particular legal code or administrative tradition, the host country in which the crime takes place or the home country from which the person comes, would the uniform code be modelled? Is it possible to define a common system? If so, based on whose system in turn is the common system to be constructed? This is not to say that it cannot be done, but it will be difficult and it will be difficult for serious reasons not simply because of the desire to obstruct.

But quite apart from individual fraud and malfeasance, there is a growing problem of extortion. In the Sudan, for example, in Somalia, and in Bosnia, the price for operating relief agencies has been to hand over a certain proportion of aid, whether foodstuffs, medicine, water supplies, or what have you, to government officials as well as to armed bands. A good deal of what sometimes comes under the rubric of fraud is, in fact, this kind of extortion.

What does one do in the face of extortion? If it is the price for operating in the country, what is the cost of not paying the price? In the short run, it is not functioning in that country, it is not delivering relief supplies. But who has the most leverage over those activities? Certainly not the United Nations. We as the United States have far greater leverage over most such situations than the United Nations.

Finally, let me state my hunch that the problem of systemic program failure in the United Nations is greater and costlier than the problem of individual malfeasance. Therefore, I would argue that the establishment of something equivalent to a GAO in the United Nations system, a General Accounting Office equivalent, merits even greater and more immediate attention than an Inspector General.

Let me make just two concluding remarks.

The first is that we should pay a great deal of attention to the division of labor between national responsibility and international responsibility, both for the existence of problems but also for their

solutions. The idea, for example, of the United States bringing to bear invoking bilateral pressure on countries, or providing bilateral carrots, if you will, instead of the stick, is at least as important as most of the measures for U.N. reform that are on the table, because they are much more likely to catch the attention of governments than missiles aimed at the U.N. alone.

Secondly, Mr. Chairman, I would like to urge that we move on very quickly to pressing substantive weaknesses in the U.N., which threaten its effectiveness even more. There is no issue on the international institutional agenda today that is more important than the need to substantially strengthen every dimension of U.N. peacekeeping, peace making and peace-enforcing activities.

Blue Berets are going to start getting killed very soon for reasons that have to do with inappropriate terms of engagement; inadequate logistical systems; the fact that U.N. Headquarters is not equipped to provide adequate command, control, and intelligence inputs; and inadequate training; the fact that these troops are performing missions for which they are not equipped and for which they were not intended.

But rather than sitting back and saying, "why is the United Nations ready for this new task," I would like to suggest that the policy posture of the United States, particularly the U.S. military, is the most important determinant of future success or failure in this regard. If the U.S. military chooses to engage itself actively in peacekeeping activities, in peacemaking activities, and in peace-enforcing activities, if we take a more active role, then I think the United Nations ipso facto will become ready to play this new role.

Thank you, Mr. Chairman.

[The biographical sketch of Mr. Ruggie may be found in the appendix.]

Mr. LANTOS. Well, I want to thank all three of you for excellent presentations, and I am deeply grateful to you. I have a lot of questions and perhaps I will begin with you, Mr. Luck.

Mr. LUCK. Sure.

### ISSUE OF WITHHOLDING U.S. CONTRIBUTIONS

Mr. LANTOS. You were highly critical in your remarks with respect to the use of financial penalties as a device in hopefully bringing about behavioral change by the United Nations. Whether you are withholding allowance from your son or you are withholding payment from a contractor until he fixes all of the problems he should have fixed in the first place, you are dealing with some breakdown in the entity with which you are dealing.

I think I can assure you, speaking for my colleagues in the Congress on both sides of the aisle, and Congressman Bereuter will agree or disagree, that I don't think there were any Members who relished the idea of withholding financial contributions from the U.N. But the level of frustration had reached the point where this very blunt and admittedly imperfect instrument was chosen as a mechanism to send a message.

After all, the U.N. is an entity which has 180 members, and operates under the fiction that they are all equal, when we all know full well they are not equal, either in terms of size, economic capability, degree of democracy, a degree of civilized behavior. Yet, in

terms of General Assembly votes, each vote counts as one, and bizarre macabre results ensue. A superpower, which is making major contributions financially and in every other way, in final frustration, has, in my view, few options other than to withhold a portion of its contribution pending improvement.

You have said that this was not only bad policy but it was counterproductive policy. I would be grateful if you would expand on that point.

Mr. LUCK. Thank you, Mr. Chairman, I appreciate your comments. I would not want to suggest that either Nancy Kassebaum or Gerry Solomon or anyone else involved in that effort had anything but positive motives. I think some of them now say perhaps it wasn't the best tool to accomplish what they wanted. The fact that we are addressing the same issues today that we might have at the time of the withholdings 7 or 8 years ago, I think is evidence that they were not entirely successful tools.

A couple of comments: One, I would separate assessed contributions from voluntary. I have never suggested that one should not withhold voluntary contributions as leverage, but assessed is different because of the international legal obligation. And I realize there is great frustration trying to exercise leverage in a body which has now grown to 180 member states, many of which, as I point out in my testimony, have relatively little financial stake in the management practices of the organization, and I appreciate those frustrations.

But I did note that at the time of the withholdings of assessed, of our legally obligated contributions, at the same time Congress was voting more money for voluntary contributions. It was an odd mix.

I think what has happened is that many member states, if not explicitly at least implicitly have through voluntary contributions, extra budgetary funds, et cetera, tried to exercise leverage through financial means, and it is one of the reasons we have problems.

The one result that I think was positive in that era, at least in a meaningful, lasting, durable sort of way, was a consensus-based procedure on budgeting in the General Assembly. That is something we very much supported. It was one of the recommendations of our *Successor Vision* project. We argued with many of the countries, especially from the Third World, that they had a real interest in allowing the major donors to have, in essence, a tacit veto over expenditures.

But if on the one hand we are voting for expenditures within the U.N., and then on the other hand are unwilling to put forward the monies, then I think we have a credibility problem.

Now, two other points——

Mr. LANTOS. Could I stop you on this one?

Mr. LUCK. Any time, it is your hearing.

Mr. LANTOS. Did you hear my statement to Governor Thornburgh concerning the legislation Congressman Bereuter and I may introduce concerning the funding of the Somalia operation? We are proceeding on the assumption that the Somali operation, until let's say May 1, when the U.N. takes over, is overwhelmingly a U.S.-funded operation, and there is a trust fund within the U.N. that fully compensates us for the cost of that.

The Governor's testimony was that this trust fund is basically empty. There is very little money in it. Which really means that the United Nations has obligated itself to pay for this purely humanitarian, and I would say heroic venture on behalf of the United States, and let us for the sake of the argument suggest that our cost of this venture is $500 million, and let us also hypothesize that we owe the United Nations $500 million: Well, if we don't get the $500 million that we are supposed to get by virtue of an action of the United Nations, which the member states failed to followup on, so the American taxpayer is short $500 million, is it not reasonable to tell the United Nations that if we owe 500 and you owe us 500, we are even?

What is your reaction to that?

Mr. LUCK. Well, I wouldn't want to comment on the legislation until I have seen it, obviously.

Mr. LANTOS. We will send you a copy. You will be the first one. You will get an autographed copy.

Mr. LUCK. I will comment in writing, then, when I have had a chance to see it.

But in terms of the general principle, I understand the frustration.

I think what it reflects is the real problem within the U.N. system generally of monies moving from one place to another and from one purpose to another purpose for various stopgap reasons, especially among peacekeeping funds, in a way that was never really intended in terms of the rigor of the budget.

FUNDING THE SOMALIA OPERATION

I would say in the case of Somalia, it is possibly a problem primarily of the ad hocism of the way in which the decision was made, which reflected the fact that the U.N.—and I testified in detail to this to the Armed Services, House Armed Services Committee yesterday—is, for historical reasons and financial reasons, really unprepared for peace enforcement. And it is a very ambiguous situation in Somalia, where soldiers are being put at risk. We took a trip this fall to U.N. peacekeeping operations around the world and when you look at places like Cambodia, El Salvador, Syria, and some of the others, there are very large risks that are being undertaken.

And to your point earlier, the U.N. effort in Somalia was inadequate in many, many ways, among them treating it as if it was a peacekeeping operation when really it was an enforcement operation.

So we are in this transition period where, once again, the U.N. really had to call on American military muscle. Now, preferably, we would be at a point where you could have a truly U.N.-commanded operation there. Because, after all, if we are saying the U.N. should pay for it, many member states would say why don't we have a U.N. command rather than an ad hoc arrangement with an American command, and why are decisions being made in Washington about how the U.N. operation is to proceed?

The problem is that this is not an American operation, nor truly a U.N. operation, and, unfortunately, it is sort of caught betwixt the two. So the problem, hopefully, will be resolved over time be-

cause you will have in place adequate budgetary mechanisms. In this case, for example, if you had the reserve funds still at the U.N., which you don't have in part because of U.S. withholdings, it has been depleted, then from the reserve fund some kind of downpayment could be made on the peacekeeping as a stopgap measure. Therefore, you wouldn't have to go into this kind of arrangement.

Many people argue, in terms of legal requirements, that arrearages for one purpose, which was the regular budget, should not automatically be applied to something else. There should be some kind of multilateral decisionmaking process to do that. Now, it may be that there could be a way for the United States to convince others to join in that kind of effort.

As I say, I don't have problems with the spirit of what you are asking for. I think there are legal questions that have to be looked into, and I do think it was a product of an ad hoc mechanism. Unfortunately we have not really gotten to the point in history to have in place a U.N. command and control operation which is adequate. That will cost more money, of course, but it needs to be done if people are to be put at risk. We don't have in place the traditions for peace enforcement in the organization, and we don't have in place the funding mechanism so that these could be funded more adequately and more readily.

So we are sort of caught betwixt and between at this point in history, and my only hope is that, indeed, this trust fund is filled to the brim and, hopefully, the kind of action that you are proposing would, in fact, encourage other member states to do so. I assume that is your purpose, and that objective I have no problem with whatsoever.

If I might just add my last two points.

Mr. LANTOS. Please, I appreciate your answer.

I might just add a footnote to your answer, and I appreciate your support for the concept, if not necessarily all of the details. Let's assume the $500 million obligation and the $500 million reverse obligation are a wash.

That really would mean, in my judgment, better funding for the U.N., because the Congress, I believe, would be far more likely to be willing to vote for ongoing or future peacekeeping, peacemaking, and peace-enforcement functions if it feels that the debt issue has been fairly settled.

And if I am correct, that would mean others would be coughing up additional funds, because the U.S. funds would be prospective funds. The Japanese and the Germans and everybody else would have to participate in proportion to their economic capability. So what looks like a sort of a tightwad approach may prove to be a very intelligent approach to some funding problems.

Mr. LUCK. I think your politics and your analysis on the political side has a great deal of wisdom to it. I think the legalities and other things one would have to look into.

### FINANCIAL CARROTS AND STICKS AND THE LASSEBAUM-SOLOMON AMENDMENT

I would just make two comments to your original question, if I might. One, when you look back at the history of the financial

withholdings, I don't think they produced very much, because I think one problem was they were not tied to really effective management proposals for the U.N. They called for across-the-board reductions in staff, across-the-board freezes on spending, and, of course, that is not the way to manage effectively.

I know from managing an institution that you have to be able to take money from one place that is a lower priority and put it in another place that is a higher priority. These measures were across the board so that everything was pushed down. Things that were high priority, like peacekeeping and other things, their budgets and staff were pushed down, just as other things, like the Trusteeship Council, that were less important were affected the same way.

So if you tie positive financial leverage to a meaningful reform package, I think that is much better.

And the final point I would make on this is that it gave the impression, especially because of the politics of the time, that somehow this was a very negative effort in which the United States was trying to tame or limit the U.N. That made it more difficult to bring other countries aboard. Because we know very well the problem at the U.N. is building coalitions, building a consensus for what you want to do.

And this tactic, yes, it scared some people; it got some attention. The symbolism probably was not a bad thing for some of the other U.N. agencies, to see the United States would threaten to do this. But at the same time, this approach failed to build a coalition because it didn't have a positive reform proposal attached to it, and it was imposed in such a unilateral way that it did not have the kinds of effects that had been intended.

But thank you.

Mr. LANTOS. Ambassador Lichenstein, would you comment on the same question I raised?

Mr. LICHENSTEIN. I was hoping you would ask me to. Let me pick up on a few points that I have heard from Ed.

In the first place, there is nothing in the slightest bit peculiar about withholding on the one hand and giving more money on the other hand. It is an extraordinarily easy and straightforward way of signaling that you approve of B and you disapprove of A, and I don't think that that message was lost on anybody in New York. They are not that stupid. They are just inefficient.

On the Kassebaum-Solomon amendment, you have misstated it very badly, Ed, as a matter of fact. The trouble, if there was trouble with the Kassebaum-Solomon amendment, was that it was too specific not that it was too general, and, indeed, no progress was ever made toward the most important requirement of Kassebaum-Solomon, which was that a weighted voting system be developed for the General Assembly.

To the best of my knowledge, zero progress was made on that, and I, at the time, chided the then-President of the United States in a delicate and polite manner for having certified to the Congress that the requirements of Kassebaum-Solomon had been satisfied when about all you could possibly say was that some undertakings were in process toward the broad and general questions of reform

and particularly, as Ed has referred, particularly in the area of the development and the adoption of the budget.

Mr. LANTOS. Mr. Ambassador, just for pedagogics purposes, would you define the Kassebaum-Solomon amendment, because not every one of the 5 million people watching you right now know that amendment?

Mr. LICHENSTEIN. The Kassebaum-Solomon amendment, oversimplified, required that the United States draw down its assessed contribution by 20 percent in the first year after its passage if no progress was made toward the accomplishment and fulfillment of the various purposes stated in the law, one of which was the consideration, and one thought the intent of the legislators was for the early adoption of some manner of weighted voting scheme for arriving at principal decisions, particularly in the budget area, in the General Assembly of the United Nations.

Then, for every year that no progress could be reported, yet a second 20 percent would be deducted from the annual assessed contribution, until such time as the President of the United States certified to the Congress that the intent of the legislation was being satisfied.

Mr. LANTOS. Thank you very much.

Mr. BEREUTER. Would you yield, Mr. Chairman?

Mr. LANTOS. Be happy to yield.

Mr. BEREUTER. To give the listeners some degree of knowledge about the importance of a weighted vote, my recollection is that the 50 percent of the countries making the smallest contributions, together, gave, contributed less than 5 percent of the total budget. It may have been in the area of 1 or 2 percent, but it was certainly under 5 percent.

Take the half of the countries, that would be now 90 some countries if you took the 180 together, collectively they contributed less than 5 percent of the total cost. Total assessments for the U.N., I know it is under 5, but is that degree of magnitude.

I thank the chairman for yielding.

Mr. LICHENSTEIN. May I add, Mr. Chairman?

Mr. LANTOS. Please.

Mr. LICHENSTEIN. If you get me elected to an available rotten borough somewhere or other, hopefully within the general Washington area——

Mr. LANTOS. We will find one. We will find one for you.

Mr. LICHENSTEIN [continuing]. I would be delighted not only to endorse the legislation that you and your distinguished ranking Minority Member are prepared to introduce; I would, of course, enthusiastically vote for it. And coming as I would from a rotten borough, in fact, I would try to vote several times for it.

No leverage is ever perfect, obviously. The blunt instrument aimed roughly between the eyes of the beast is not the most polite, gentlemanly or delicate way of getting the beast's attention. In all of those regards, I was not the most enthusiastic supporter in the world for the withholding of funds.

On the other hand, if nothing else got the beast's attention, there was more than frustration; there was a coming finally to a point of deciding we had to do something to begin this process. On that

level, I thought the application of the blunt instrument was defensible.

I agree with Ed. I also agree with Dr. Ruggie, that the United States has always been a bit too vague, too cavalier in assuming that everyone would know what we meant by appropriate and necessary reform. I think we should be quite specific.

Indeed, if I were Madeleine Albright, my first assignment would be to one of my fellow Ambassadors, assuming that the President of the United States ever gets around to appointing any other, I would give the assignment to one of my senior colleagues with the rank of Ambassador that I want you to institute, starting tomorrow morning, using 4 or 5 or 6 or 10 authorities, most of whom I hope we can get pro bono from places like McKinsey and Company, to engage in a zero budgeting exercise.

For the first time in 45 years, undertake a zero budgeting exercise, in which one starts with a plain sheet of paper and asks in the case of every unit and every division and every office and every function of the Secretariat, is this necessary; does this make sense; need we do it; is it now a first priority, a second priority, a third or a fourth or a fifth?

I would regard that as an extraordinarily important undertaking. Of course, it should be undertaken by the Secretary General himself, but to the best of my knowledge, it is not being undertaken. No Secretary General in my experience has ever done anything like this.

We could not do it perfectly at the U.S. Mission to the United Nations, because oddly enough, even on the part of so major a contributor as the United States, it is very difficult to generate the information one needs. You can spend the greater part of your time trying to find out who to generate the information from and then you are told it will be forthcoming in 5 or 6 weeks, if we can possibly find the time. And then usually it is inadequate.

So it is very difficult to develop this information, but this is something that I would undertake if I were the Ambassador of the United States to the United Nations. Beyond that, I would try to be quite specific about the kinds of reforms I would hope you would put, Mr. Secretary General, on your front burner.

I agree that we have never been quite specific enough and we have never kept at it. This is what I tried to say in my opening remarks. There has been a we will do it next week attitude on the part of the United States—but next week we will have something else in mind. Not only toward U.N. reform, but toward the U.N. generally. And, there again, I very much agree with what I heard Dr. Ruggie say about that defect.

By and large, I think you have to proceed with what instruments are available to you. The Congress has been extremely gentle, in my judgment, in treating the United Nations and the U.S. contribution thereto, and I certainly have no criticism about the approach of fund withholding.

Mr. LANTOS. Thank you very much. Dean Ruggie.

Mr. RUGGIE. The original question had to do with the withholding of funds. There were two questions, that was one and the other is the proposed legislation; is that correct?

Mr. LANTOS. Yes.

Mr. RUGGIE. Just wanted to make sure we are on the same page.

Mr. LANTOS. You are correct.

Mr. RUGGIE. With regard to the history of withholding funds, if I had to judge what the long-term benefits were, I would say consensus-based budgeting in the General Assembly. I would say at least the rhetoric of administrative reform: when we were looking for a new Secretary General, at least we talked about the need for it and so did the leading candidates. And such reforms as we have had to date.

Whether the price of the withholding was worth this particular set of benefits, I leave it to wiser heads to judge.

With regard to the legislation that you have talked about, I find the concept attractive and on the face of it fair. But I also see two problems. First, it confuses contributions to a voluntary fund with assessed contributions. Second, the United States could very well be seen to hold two contradictory positions. The United Nations at this point in time is incapable of launching even a modest kind of enforcement activity, such as that in Somalia. At the same time, the United States as of today remains opposed to the United Nations acquiring those instruments of enforcement. And I happen to agree with that position. But we are in an awkward spot denying the U.N. the capacity to do something, doing it ourself, and then turning around and charging other people for having done it. Now, you may be able to work that out somehow, but I think there is an issue there that has to be considered.

If I can just add a point to what the distinguished Ambassador said about taking the blunt instrument and aiming it between the eyes of the beast. I guess the question I would ask is, who is the beast and where is the beast? What I find, as I look at some of the most egregious cases of nonsense and waste, in fact they are General Assembly driven rather than secretariat-driven; which means they are member country-driven rather than secretariat-driven; which raises the question, why are are we not taking it to the source rather than to the place in which it is being acted out?

Which gets me back to the issue I raised before. We have so much more leverage bilaterally against this kind of nonsense, why not use it?

Mr. LANTOS. Thank you very much. Congressman Bereuter.

## THE VOLCKER-OGATA REPORT

Mr. BEREUTER. Thank you very much, Mr. Chairman.

Reference has been made to the Volcker-Ogata report by Governor Thornburgh. I would imagine that all of you gentlemen are familiar with the general details and probably most of the specifics.

Rather than ask you whether you agree with it, its recommendations, I would ask you if there are any notable disagreements that you would have with its recommendations; if you feel comfortable with addressing that question at this time?

Mr. LICHENSTEIN. I have to reserve judgment. I don't have the advantage that my colleagues do. I have never seen the Volcker-Ogata report, and my only knowledge of it are the few references to it in the Governor Thornburgh's report.

Mr. BEREUTER. It would not be fair to just thumb through it quickly, the copy Mr. Luck has for you.

Go ahead Mr. Luck.

Mr. LUCK. It is one thing to comment on legislation you have never seen, but it is another to ask by colleague to comment on a report he has had one minute with.

I would say generally I think it is a very sound, sensible document. It does call, for example, for the quarterly payment of dues. Given the problems with the U.S. budget cycle and the decision 10 years ago really to skip a fiscal year in our payments, so we pay very late in the year and are automatically, through 8 or 9 months, behind in terms of our payments to the U.N., then this proposal is very sensible.

I think jumping a whole year and making a double payment would be difficult in current financial circumstances, but quarterly payments might help. I think it might have a significant positive effect on U.N. cash flow.

They also talk about various mechanisms for getting money up front for U.N. peacekeeping and restoring a trust fund, et cetera, for that. Those, I think, are very commendable recommendations, and would be very useful.

They also suggest—not everyone at the U.N. likes this, but I think they are right—discouraging all these ideas of the U.N. going out into the private sector to fund raise.

The U.N. is an organization made up of intergovernmental bodies. Governments have a responsibility, not only our own, obviously, but 179 others as well, to make their full payments to the organization.

So for the U.N. to run out to the private sector and to individuals, corporations, or foundations to raise money, I think is somewhat fantastic. In terms of whether it would result in anything, I think, frankly, it would undermine political support within this body for U.N. financing.

We have to face it, governments either want to make the U.N. an effective instrument or not. They are either going to vote for things or not.

To say the U.N. will go to Pepsi-co and ask for its endorsement for something and then set up private funds, I think, frankly, is awkward and inappropriate. It may not be illegal, but I think it certainly raises some difficult political problems.

So I would basically commend the report. I think it is a very sound, sensible report. I would point out that only one quote from it has been referred to a number of times, that, obviously, the U.N. needs to get its financial management in order to build the confidence of member states.

Like you, I fully agree with that, but at the same time, 90 percent of the report, in fact, talks about how to improve the U.N.'s financial situation through more regular and full payments, setting up a reserve fund and other things of that sort. It is not a document that says the U.N. is a spendthrift, it is a document that says the U.N. is rather confused in its management.

But, frankly, the U.N.'s purposes are worth larger investments on the whole rather than less, if we can get the management and accounting problems settled.

Mr. BEREUTER. Thank you.

Dr. Ruggie, do you have a comment about the Volcker-Ogata report?

Any disagreements specifically?

Mr. RUGGIE. No substantial disagreements. In terms of payment cycles and payment bases, the recommendations they make in those areas, I am in absolute agreement. And I can't recall anything that I substantially disagreed with in my skimming of it.

Mr. BEREUTER. Well, I am sure the committee would appreciate any subsequent comments that either Ambassador Lichenstein or yourself might have.

THE IMPLEMENTATION OF REFORM

Ambassador Lichenstein, I was particularly in agreement with your comment about the key element of the Kassebaum-Solomon reform agenda remaining unaddressed. I think that is absolutely true.

As long as we don't have some measure of weighted vote system, not even necessarily exactly based upon contributions, we are going to have a continued difficulty, it seems to me, in the majority making decisions that a very small minority of countries pay for. That is something we need to address.

I listened to the exchange between you and Dr. Ruggie when he suggested why not apply the blunt instrument directly to where he thinks most of the difficulties are created, and that is in the General Assembly, and that does seem to make sense.

I guess I would like a little detail, if you could, on what kind of discipline, what kind of blunt instruments could be applied to the General Assembly to cause it to further implement some reforms that a good many wise people and institutions have suggested.

For example, but only as an example, does the Secretary General need additional authority to implement reforms?

Does the Secretary General need, secondly, specific additional authority over the actions of the General Assembly in budgetary and administrative matters?

Is there some sort of a veto needed, in effect, on administrative actions by the Secretary General?

Mr. LICHENSTEIN. I would answer that question in part by saying that they should not try to do so much macromanagement and micromanagement. In many areas, the Secretary General's ability to make major personnel changes, for example, is greatly inhibited by a number of very detailed resolutions of the General Assembly.

The Secretary General is absolutely mandated to fulfill certain kinds of geographic distribution requirements. With respect to certain categories of employment within the Secretariat, there is an enormous amount of micromanagement that, in my judgment, should be eliminated.

The interesting thing, and I hope that Dr. Ruggie will also address this question, is we are always talking about the same group. It is the same 180, whether you are talking about them in bilateral relationships, as between the United States and each one of them, or whether you are talking about them in the General Assembly, where their representatives sit.

And, also, if you are talking about the Secretariat, wherein sweetheart relationships have been worked out between almost all

of these smaller countries who are well represented in the high-level personnel of the United Nations, these sweetheart relationships go back and forth between the General Assembly and the Secretariat, so that you cannot keep them separate.

But you are dealing always with the same other 179 countries. And it is perfectly true that whatever the United States, or what a reformer, or what I, or what Governor Thornburgh will want from them may be, we are talking about the same group of countries, people, representatives.

In what configuration you tackle them, of course, I would not exclude bilateral or multilateral. I would also not exclude working through regional organizations where, for example, in this hemisphere, the United States can have a measure of impact on the views within the global arena. It can have some impact on the views of its colleagues in the OAS.

And so I think an all front assault on the problem is required. But what is required most of all is a fundamental change of attitude on the part of a substantial number of the smaller, less powerful, lesser-developed countries of the world to come more nearly to our way of thinking as to the most efficacious way to serve the interests of us all. And that is a process that, obviously, has to proceed on every level simultaneously.

ORGANIZATION AND MANAGEMENT

Mr. BEREUTER. Dr. Ruggie, would you like to comment on my original question?

Mr. RUGGIE. Yes, if I may. I didn't make myself entirely clear before. My suggestion was not that we aim our sights on the General Assembly. What I meant to suggest was we aim our sights on the countries that are causing trouble in the General Assembly and try to apply pressure on them, not only within the United Nations but also outside, at the bilateral level.

Mr. BEREUTER. Would you also address applying it to the General Assembly as an institution?

Mr. RUGGIE. Well, I would, in fact, broaden—I think I understand where you are going, and I accept it and I would broaden it. I think one of the fundamental defects of the United Nations, which Governor Thornburgh points to in his report, is a vast proliferation of intergovernmental bodies that pass resolutions with no inkling or concern for where the funding will come from.

Mr. BEREUTER. You are talking about the semiautonomous components of the United Nations?

Mr. RUGGIE. Yes. They are called committees, commissions, councils, and what nots. They pass resolutions making demands on the Secretariat for the provision of services, which typically means generating paper, since there is never enough money to do anything real.

The problem is how to constrain the ability of these quasi and semiautonomous bodies from making the demands they make. That is where I think Mr. Thornburgh's idea of a Development Council is so important, because it could subsume most of those bodies.

The other point I would make about the General Assembly is that an enormous number of developing countries in the General Assembly have representatives there who, on many issues, don't

act under instructions. As a result, they engage in log rolling with each other that would put some of you folks to shame.

Insofar as they are not under instructions, there is a way that we can make sure that they get the appropriate instructions from their national capitals. And if the national capitals are too poor they cannot send people to the General Assembly to do this, perhaps we can help them in some way. There is a lot of talk in the Governor's report about various U.N. mafias. He was referring primarily to the Secretariat. But there is a General Assembly mafia as well. And it has to be dealt with at a political level.

Mr. BEREUTER. Thank you, gentlemen.

I just wonder, in concluding, if anyone has thought about the commons we have here on earth, the oceans, and whether or not these might be sources of revenue eventually to support the international organization that exists, the comprehensive umbrella, and that is the United Nations. I am talking futuristically but perhaps we could apply that to space eventually. It seems to me that if these commons are used for the benefit of the country, of certain entities in the world, the resources and the revenues from those could well be dedicated to an organization like the United Nations.

I just offer—yes? I didn't expect a response, but go right ahead.

Mr. LUCK. We respond to anything anytime. It is the least we can do.

First of all, in terms of the global commons, you remember the debates about the Law of the Sea convention and the authority that was to be created there, which would, in fact, have taxing power. It was a very ideological debate here, the question of whether this is, indeed, the kind of international authority one wants to see or is it sort of statism at large; does it cut out private enterprise, whatever?

I think those debates are maybe a little less pointed now, but fundamental problems would remain and it would not be an easy thing to do. We are talking about bureaucracies and financing and management, and those problems would apply to those kinds of authorities as well.

If I could respond quickly to some of the questions you raised that my colleagues responded to but I didn't get a chance. If I might, one, in terms of weighted voting versus consensus-based budgeting: what Kassebaum-Solomon was asking for, weighted vote in the General Assembly, would require a charter amendment, in my view. Consensus-based budgeting, which has been imposed, does not require a charter amendment and is much easier to do and is more or less working today.

You asked about the Secretary General's authority to make these changes. There is nothing in the Charter that would prevent him from having tremendous influence on the way the organization is run. But, unfortunately, he has 180 members of his board of directors, and they do politically very much restrict him.

I would also say he has to make a decision not only about where he uses his political capital, but whether he uses it on reform efforts or on political questions? We are asking a Secretary General to carry out so many different roles, and I think John pointed out earlier that we don't choose Secretary Generals because of their management experience. We talk about it. But in the end, it is a

political process. And whoever is the most effective diplomat and political person is chosen, since those are, in the end, the key requirements that we are looking for.

### THE NEED FOR A DEPUTY SECRETARY GENERAL

I have argued, with complete lack of success to date that it would be useful to create a chief operating officer role as a Deputy Secretary General. Not having management be at the Under Secretary General level, as Dick Thornburgh was, on a par with all the other Under Secretary Generals, but someone to whom the Secretary General could immediately delegate authority for personnel, management, finance, and administration, while letting the Secretary General be a world diplomat. Let him be a spokesman for the principles of the world. Those are essential roles that no one else can do that.

But, at the same time, he cannot also be an effective manager. You cannot ask him to oversee 15 peacekeeping operations around the world and do everything else and manage the organization. It just cannot be done, no matter who the person is.

### BUDGET AUTHORITY

Finally, I would make one other comment on the question of the General Assembly's role on the budget. I agree entirely with my colleagues that you have to go to the member states, go to their capitals, try to influence them, if this matters to us. We did this, the U.S. Government did this at the time of getting a consensus-based budget.

The U.S. Government sent Ambassadors around, particularly to the African states and, by the end, they were convinced it was in their best interests, and not only in their interests, but in the interests of the major donors as well.

But I would point out that the only area under the Charter in which the General Assembly has final authority for decisions is on the budget. So they very jealously guard this particular role. And the one nation/one vote, sovereign equality principles matter a great deal to the vast majority of the U.N. member states, which, as you point out, pay very little and are very small, but they are very, very sensitive to this.

So one has to work it step by step, and it is not a simple thing to do, and certainly the Secretary General cannot make those kinds of changes.

Mr. BEREUTER. What about a charter change to give him a veto on administrative cost elements of the budget?

Mr. LUCK. That gets to the old Pandora's box question of whether we are ready to open up the Charter. Most people talk in terms of Security Council membership and other things. For 1995, for the 50th anniversary, that might be a time to look at significant Charter changes.

We may have certain things in mind, but the very countries that give us such problems in management reform see these things very differently and from a different perspective. They want to increase the role of the very large committees of the whole, committees that they wish had a lot of influence, on a one nation/one vote basis.

Some would try to change the budget process in that way and to undo consensus-based budgeting.

So it is not a question of simply designing a better Charter and it will be implemented. Unfortunately, you have to go through a political process where you will have at least 180 different designs from various member states and they will not always be for the better. So one has to look at it, but I think you can do a lot short of Charter revision.

As I say, there is no restriction on the Secretary General's authority over the running of the Secretariat in terms of the Charter. He has tremendous possibilities, if the member states will support him, and if he has a bit of courage and, God forbid, if he had a little time to do it.

Mr. BEREUTER. Thank you, Mr. Luck.

I have no doubt at all that this is a difficult process, and I understand, to some extent, the political forces in effect here. But it does seem to me that we need to take some dramatic changes. If we don't offer those dramatic changes and put them on the table, we are going to be at a disadvantage in ever moving the United Nations by some sort of political process toward something that is closer to a workable arrangement.

Mr. LUCK. I completely agree with that.

Mr. BEREUTER. I think my colleague from Iowa may have questions.

Mr. LANTOS. Congressman Leach.

Mr. LEACH. Well, thank you, Mr. Chairman, and thank you, as a nonmember of the committee, for allowing me to be here.

Mr. LANTOS. We are delighted to have you.

Mr. LEACH. Let me just say I also want to welcome the guests. Other than Dr. Ruggie, I know Mr. Luck and Mr. Lichenstein quite well, and I am very impressed with your testimony and also that of the former Under Secretary.

I would just stress, though, that we have to be very careful as we put all of this together to recognize that there is perspective and then there is perspective. There is a macro and a micro perspective, and anyone who has ever served at the United Nations, anyone who has ever walked within the shadow of the building there, knows there are management problems. These management problems are severe, but they can be handled.

I would just stress as we think about this that we also recognize that the world is a better place with the U.N. Not only that, in the last few years a revived United Nations system has undertaken a whole hose of important new initiatives, particularly in peacekeeping and humanitarian intervention.

As we think through the budgeting issue, one of the great questions is with the U.N. taking on these new responsibilities, is it going to need more resources or less. From the United States' perspective, will it cost us more to use the U.N. or more to not use the U.N.

If one concludes it will cost us more not to use the U.N. and if one concludes that the U.N. is going to need more resources, we are talking not about whether or not there is a function at the U.N., as Secretary Thornburgh pointed out, that wastes too much money by putting out books and publications. We are talking about life

and death, war and peace, feeding and not feeding a hungry world. Those are the issues.

In that context, I think one has to be very careful about what seems to be logical from our perspective. The chairman has indicated, and from one perspective very logically, the United States ought to deduct from our dues what we are paying for Somalia. But that proposal not only raises the logical question of why we should deduct from our assessed U.N. expenses a project that we voluntarily undertook, but it also raises the logical problem of if we do it unilaterally, where does it stop?

If we deduct from our expenses this airdrop on certain parts of Serbian Bosnia, do we allow other countries to deduct from their expenses things they are doing in various parts of the world? Take a country like Sweden who in per capita income is spending far more than the United States, and is participating in several international peacekeeping activities. Because they are doing that, should we give them carte blanche to deduct from their obligations to the U.N.?

I would just stress this could be a difficult game of unilateralism, and also of making judgments where to stop. Beyond that, if we really think it through, and Secretary Thornburgh pointed out this enormous upsurge in peacekeeping operations that have come into the rubric of the United Nations, the case for the United States to withdraw in a literally unilateral way with its own definition of its obligations under the U.N. charter some of its accountability would be extraordinarily counterproductive. Particularly when we are, after all, in the eyes of the rest of the world the world's largest deadbeat. If we also think through how it is we get things done, and one of the things that none of this group has mentioned, we are right in a number of our perspectives, but we haven't been very good in effectuating our concerns.

Part of it is in the United Nations the United States is not held in as high regard as we would think is appropriate. And in this Congress, and I raise this to my distinguished chairman in the most heartfelt way, it is not recognized that when the administrations of Ronald Reagan, a stark conservative and George Bush, a moderate conservative, called on Congress to fund the United Nations, a more liberally led Congress turned them down and funded less. There are always cases that this Congress can be penny-pinching, and the one just raised I find very attractive in many ways.

But I would suggest that our capacity to get done what we want done by taking precipitous legislative acts might, indeed, be more counterproductive than a set of argumentation might lead it to be. So all I would stress is that unless one can make a very profound case that the United States should have a capacity to make budgetary decisions that no other country in the world is entitled to do or has done, or a profound case that the duties and responsibilities of the U.N. are being contracted and should be contracted in the immediate years ahead, we ought to take great caution in saying that we ought to pull back from our currently perceived obligations. Here I would point out that those obligations are currently supported by an administration that is new and by the last two admin-

istrations that were more conservative. Congress is behind the decisions. I think we ought to step back and think twice about that.

Having said that, let me just say that in all of the documentation that has been presented, I have never read a single critique of the U.N. and how it is managed that I haven't found valid. The criticisms are real. Some is inevitable, some is not. We have to deal with what is not inevitable.

When Ed Luck proposes that we ought to have a new kind of administrator, I think that is valid. When Secretary Thornburgh suggests we need an American-style Inspector General, I think that is valid. And we ought to demand these reforms and press them.

But I would caution that our ability to get them done may be undercut in the long term by taking some positions that might seem logical but that may not be in the final measure productive. That is the only contribution I wanted to make to the testimony today, because I find so much of what has been said is so thoroughly right on target. But I would hope that these other perspectives also would be brought to bear.

Thank you.

Mr. LANTOS. I thank my friend from Iowa, who is one of the wisest voices in this body and for whom I have utmost respect and friendship. As always, he makes a very valid point. It seems to me that if we move along the lines that I intend to move we have to do so with great care and great caution and with respect to all perspectives.

## THE NEED FOR A BURDEN-SHARING MECHANISM

The fact, nevertheless, remains that it seems unrealistic to me as one member of this body for the United States, on the one hand, to pay 30 percent of peacekeeping costs. There is no way that you can arrive at that 30 percent figure on the relative weight of the American economy and European Common Market, Japan, the wealthy Arab countries, what have you. There is no way you can arrive at that figure in terms of the immediate beneficiaries of collective action.

Had we not taken collective action under the U.N. umbrella in the Persian Gulf War, which I voted for, Kuwait today would be the 19th province of Iraq and Saudi Arabia the 20th province of Iraq. I have no doubt they should pay a larger share of the costs than they are now paying.

I always believe there will be more of those costs and I think it is important that with the new administration and with the new global situation we institutionalize a new arrangement. Having all this, I find it, frankly, unacceptable to have the United Nations establish a trust fund, which is to be funded so that our Somalia activities are borne by the international community, as they should, because they clearly are a humanitarian, U.N.-sponsored international gesture; that we should allow those funds not to be forthcoming while being pilloried for having overdue payments and we should, without any consideration to this other issue, continue to pay those as if this obligation to the American treasury did not exist.

My feeling is that if there are debts, these have to be looked at on an equal basis. If an U.N. trust fund owes us *x* hundred million

dollars and we owe the U.N. *x* hundred million dollars, and hypothetically assuming those are identical figures, those should be a wash, as they would be in all interpersonal or intercompany or international transactions.

Having gotten rid of the onus that we are deadbeats when, in fact, in the broader context we are anything but deadbeats—we are the nation that contributes most to United Nations financially and in military capability—then I think we can, on a basis of fairness and justice, rationally plan future expenditures for peacekeeping, peacemaking, peace enforcement, humanitarian ventures and what have you.

What I find difficult to swallow is that the nation that is contributing the most in all respects, financially, physically, militarily in a humanitarian sense, is being viewed and criticized by nations which are making minimal or no contributions along these lines as the great deadbeats of the international community. This simply offends my sense of fairness and that really is the genesis of the possible legislation that—I hope with the support of my friend from Iowa and Congressman Bereuter—I will consider developing. It will be carefully thought out and will take into account all of the items that Congressman Leach so wisely outlined.

Are there any final comments any of the three of you gentlemen would like to make before we close this most valuable hearing? And I want to thank all three of you for your invaluable contributions.

Mr. LUCK. I think most has been said that needs to be said, but I think you are absolutely right, when the U.N. works best it is as a burden-sharing mechanism. I think that is one of the reasons why the American people, who are now focusing on domestic problems, say by an overwhelming majority "let's bring problems to the U.N. because it is a chance to get others to pay their fair share." I agree that that is very important.

At the same time, we have to recognize that giving problems to the U.N. is not a question of shirking our international responsibilities. It is a partnership. The United States may appear to bear more than its fair share of this partnership.

An effort like Somalia is a very noble undertaking at the behest of the American people and certainly not for any kinds of national security or narrow interests. We need to work the partnership with other countries through the U.N., get them to pay their fair share of the burden while at the same time recognizing that our unique military assets will have to help out, especially in the peace-enforcement area. I think what you pointed to is going to be important in the future because as we get into peace enforcement this will be expensive, lives will be at risk and certainly we should work out the burden-sharing arrangements on those early and make sure they are carried fairly by all the countries of the world, even if we end up doing most of the logistics and airlift and sealift and perhaps a certain amount of the fighting, as well.

## CONCLUDING COMMENTS

Mr. LICHENSTEIN. Do I have any last request, Mr. Chairman?

The only codicil I would like to add to anything and everything that has been said today is that in the last analysis the United States has to make the decision about how best to serve its own

interests, which, in my judgment, are largely coincident with the interests of virtually all freedom and peace-loving people in the world, how best—when through the U.N., when multilaterally through other bodies, and when unilaterally quite by ourselves, we have to make those decisions.

I think that the United Nations is, or can be, an enormously useful instrument. We must be respectful of it but we must not become so consumed by it that we do not realize or remember that it is one among many instruments. The measure is, in my judgment, that which best serves the interests of the American people.

Thank you.

Mr. RUGGIE. Mr. Chairman, the only last comment I would have is that the deliberations today, and the issues that they raised, are terribly important issues. But I believe that both you and the Attorney General earlier said that we must not lose sight of why it is that we want to reform the U.N.

I believe that not only the U.N., but the world as a whole stand at a critical juncture today. Some modest momentum has built up since the Berlin Wall came down in the direction of devising more cooperative instruments with which to provide for our mutual security.

In the long-run, that momentum is worth strengthening and reinforcing at every turn. The euphoria of the moment in 1989 was replaced not long thereafter by greater caution, and subsequently by pessimism. I think we have to halt the slide toward pessimism by dealing with substantive issues, as well as these administrative issues.

The critical substantive issue is that an instrument which was invented in 1956, U.N. peacekeeping, in the Suez crisis, is being used now for situations that are radically different, in a world that is fundamentally transformed, and in which it is inappropriate. The troops that the U.N. has sent to Croatia, for example, have become hostages preventing more aggressive enforcement activity.

Those 15,000 Blue Berets shouldn't have been placed in that kind of a situation in the first place. Therefore, I would suggest that, as important as the administrative questions are, we don't lose sight of why they are important; and that we get on very quickly to the substantive agenda of how to strengthen cooperative approaches to international peace and security before the momentum that has been built up begins to unravel and we end up with the kind of world that we experienced between the two World Wars, rather than the kind of world that is within our grasp.

Mr. LANTOS. We agree with all your final comments. Let me say that we are living in an age where institutions if they wish to gain or retain the support of people must be open. And the United Nations is no exception. We want the U.N. to be open. We want its flaws to be exposed so they can be rectified, so it will merit stronger and more durable support.

I want to thank all the witnesses and my colleagues. This hearing is adjourned.

[Whereupon, at 1:30 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

# APPENDIX

THE PREPARED OF THE HONORABLE DICK THORNBURGH, FORMER UNDER SECRETARY GENERAL, UNITED NATIONS DEPARTMENT OF ADMINISTRATION AND MANAGEMENT

A week ago today I completed a 1-year tour of duty as Under Secretary General for Administration and Management at the United Nations. My assignment was undertaken at the request of President George Bush. It was to join the team of the new Secretary General Boutros Boutros-Ghali so as to provide an "outside" viewpoint on the operations of the organization from the standpoint of integrity, efficiency and cost-effectiveness.

My testimony today is intended to provide an overview of my experience at the United Nations during a period of great change.

Vast changes indeed have occurred of late in both the world at large and within the United Nations. These changes have provided an unprecedented challenge to the operations of the United Nations and an equally unprecedented opportunity to realize the goals set forth in the 1945 Charter establishing the United Nations.

Changes in the world have been brought about by the end of the cold war and a new emphasis on the rule of law, building democratic institutions and concern for humanitarian matters and for human rights.

Changes in the United Nations have expanded its membership to 180 nations—including 14 new members in the 1 year of my service—seen a shift from an era of passive refereeing of ideological differences to an era of actively addressing pressing challenges around the world.

This renewed focus on collective security and the quest for a better quality of life for all has empowered the organization to revert to first principles and to begin to develop a consensus as to how best to fulfill the expectations of the world's citizens.

What are the challenges that accompany these opportunities? They are myriad and indeed daunting.

The most visible and costly operations of the United Nations today are in the peacekeeping area. The number of these operations has skyrocketed and their characteristics have changed substantially, as the United Nations has become kind of worldwide 911 emergency number. No longer are peacekeeping operations only of the traditional type, designed to monitor militarily the political settlement of hostilities. New institution-building exercises in areas such as Angola and Cambodia now require a variety of diverse civilian skills as well. More recently, peacekeeping operations where "there is no peace to keep" have been mounted to provide humanitarian aid in the former Yugoslavia and in Somalia.

During the years from 1948 to 1987, a total of 13 peacekeeping operations were mounted. Since then, in the last 5 years, 13 more have been undertaken, with other potential "hotspots" cropping up with regularity. This quantitative change is reflected in the increased personnel requirements to staff peacekeeping operations:

| | Military | Police | Civilian |
|---|---|---|---|
| 1987 ..... | 9,500 | 38 | 895 |
| 1992 ..... | 45,000 | 4,852 | 9,500 |

Annual peacekeeping costs meanwhile have increased twelvefold since 1987 to a total of $2.5 billion last year with further increases likely in 1993.

Unfortunately, these new assignments are severely straining the financial and organizational machinery of the United Nations. Practices and procedures utilized during nearly a half century of stalemate are proving inadequate to an era of around-the-clock, around-the-world action. No longer can the United Nations support these operations on a "business-as-usual" basis. Major operations like Desert

Storm and Restore Hope have been, in effect, "subcontracted" out to the United States, the world's remaining superpower, in recognition of the logistical shortcomings within the United Nations.

The Secretary General has laid out an ambitious plan to help keep the United Nations abreast of its obligations in his "Agenda for Peace," calling for more preventive diplomacy, some form of ready reserve in the military sphere, greater flexibility in financing and procurement practices and more reliance on regional organizations as a first line of defense.

But, for the immediate future, peacekeeping challenges will abound and will place a severe strain on United Nations resources and finances.

What about economic and social development and the need to deal with poverty, hunger, unemployment and stagnant economic growth?

Of particular significance here is the increased emphasis on the creation of democratic institutions and market economies since the end of the cold war and the collapse of the Communist model. I was first introduced to this during my service as Attorney General in a series of historic meetings with our counterparts in what was then the Soviet Union, later with the Russian Federation and with the leaders in Eastern and Central Europe where the establishment of the rule of law was recognized as absolutely necessary, both to ensure the protection of individual rights and to provide a firm basis for economic recovery. These same winds of change are now blowing through the developing world as countries in Africa and Asia also seek to establish multiparty political systems and market economies to aid in their growth. This creates quite a different set of challenges for United Nations' efforts in this field as well.

For example, one of the most intriguing turnabouts in the economic field has been the transmission in the role of the United Nations Center for Transnational Corporations. Originally established to check the inroads of giant multinational corporations into developing nations' economies and to provide a strict code of conduct for their activities, this center is now being urged to facilitate the entry of these same corporations into developing countries and to promote their investment as a means of stimulating needed economic growth, increased employment and a better quality of life.

Here again, however, the United Nations finds its present structure challenged by additional demands. Indeed, structural changes in economic and social development endeavors are long overdue. The Secretary General has noted:

> "Duplication is widespread; coordination is often nominal; bureaucratic battles aimed at monopolizing a particular subject are rife, and organizational objectives are sometimes in conflict."

How has this condition developed? Many historic phenomena have conspired to produce this result. First, there are entirely too many councils, departments, conferences, boards and agencies dealing with economic and social development—everything from UNICEF to UNESCO, from FAO to WFP, from UNDP to UNCTAD. Scores of agencies vie for attention and funding in all these areas.

Moreover, many of these entities are separately funded and have independently governing bodies so that the need for the United Nations to "speak with one voice" and provide a degree of coordination is constantly frustrated.

Reform efforts have made a start. A number of separate operations were collapsed into a new Department of Economic and Social Development—since, regrettably, divided into three parts—to begin to provide some order within the organization.

But what is really called for is a complete overhaul. In my report to the Secretary General, I called first for the establishment of a development council through which member states and the United Nations would be obliged to harmonize the present cacophony of voices on economic and social development policy. Further, the Secretary General has advocated a unified United Nations presence in each country to replace the present numerous outposts of separate components of the bureaucracy. More problems should be tackled and implemented on a regional basis and comprehensive plans should be devised to promote the movement in both underdeveloped countries and economies in transition away from authoritarian political systems and state-run businesses to multiparty democratic institutions and market economies.

Economic change is one place where a lack of funding is often not the problem. It is rather the absence of a climate for private investment and of technical advice in areas of need. Within my own family, I have seen how these needs might be met. My son, David Thornburgh, currently Director of the Small Business Development Center at the Wharton School of the University of Pennsylvania, has recently undertaken a series of trips to the Russian Federation to advise prospective entrepreneurs on the establishment of enterprises in Nizhny Novgorod, a developing center of mar-

ket economy activity. Many others are carrying out similar "hands on" efforts of this kind.

In the aggregate, however, financial problems do threaten the future of the United Nations. The organization currently runs the risk of becoming a victim of its own credibility as the demand for resources outraces those available and the term "financial crisis" becomes a permanent description of the organization's financial status. The United Nations is perpetually short of cash due to the late and uneven payments by member states of their assessments. At the end of 1992, arrears totaled over $1 billion, nearly evenly split between the regular budget and peacekeeping assessments.

On the positive side, the United States, the single biggest traditional contributor in arrears, paid almost all of its contributions last year and is in the process of liquidating past arrears under the 5-year plan adopted by Presidents Reagan and Bush. President Clinton has already indicated a desire to see the United States brought current on its obligations to the United Nations. The member state with the second largest arrears is the Russian Federation, where I visited late last year to impress upon its leaders the necessity to address this condition. Their financial problems, however, obviously far transcend the mere inability to pay United Nations assessments. Together, these two major contributors accounted for nearly 65 percent of the year end arrears in payment.

To put the financial situation in perspective, I would remind you that the combined regular and peacekeeping budgets of the United Nations during 1992 were less than the amounts paid by the city of New York for police and fire protection during the same period! The problem is mostly one of cash flow, particularly with regard to peacekeeping operations where every startup effort is similar to a financial "bungee jump," undertaken in blind faith that timely appropriations will soon be forthcoming.

To help with the financial situation, I asked the Ford Foundation to fund a review by a distinguished group of outside experts chaired by Paul Volcker, former Chairman of the Board of Governors of the U.S. Federal Reserve Board and Shijuro Ogata, former Deputy Governor of the Japan Development Bank. Their report, recommending a number of significant changes, awaits action.

Most of the problems I have referred to, sooner or later, end up in the Department of Administration and Management, which required substantial strengthening upon the coming to office of the new Secretary General. To his credit, Dr. Boutros-Ghali made a strong commitment to restructuring and reform from the outset of his administration. It fell to our Department to carry out the "nuts and bolts" operations to make the organization more effective and more efficient. No small task. In the words of former U.S. Permanent Representative Edward Perkins: "Being effective means doing the right thing. Being efficient means doing the thing right." We tried to do both, by the introduction of a number of important reforms, aided substantially by the *pro bono* management consultant services provided to us for a 6-month period by McKinsey and Company, Inc.

During the last year, the United Nations has accomplished the following specific reforms:

- A reduction in the number of high-level posts and the drawing of a clear distinction between "political" and "civil service" posts.
- The merger and streamlining of a number of components of the organization to eliminate duplication and overlap.
- The imposition of a "hiring freeze" and the subsequent redeployment of about 50 percent of existing vacancies so as to put more resources into the field.
- An overhaul of field operations to provide better support for initiatives in the growing areas of peacekeeping, humanitarian aid and political assistance.
- A commitment to more training, especially management training, and a greater use of technology.
- Recruitment of new management personnel.

Much, however, remains to be done and will probably require the balance of the Secretary General's 5-year term to accomplish. Among other matters which I have suggested are:

- Further elimination of "deadwood" from the organization and establishment of means to recognize outstanding performance.
- An attack on "featherbedding" practices and introduction of a totally revised personnel system.
- A moratorium on further costly worldwide conferences and a reduction in travel expenses.
- A reduction in the unnecessarily wide array of United Nations publications.

• Adoption of a comprehensive code of conduct requiring full financial disclosure by key staff members to deter conflicts of interest and other wrongdoing.

• Creation of an Inspector General's office to deal with problems of fraud, waste and abuse and to carryout important functions of audit, inspection, investigation and program evaluation.

Let me say a special word about the proposal for an office of Inspector General. In my report to the Secretary General last week, I noted that "the United Nations presently is almost totally lacking in effective means to deal with fraud, waste and abuse." The chronically fragmented and inadequate structure for audit, inspection, investigation and program evaluation is currently so ineffective that "pickup" teams had to be mustered in order to carryout inquiries into allegations of serious wrongdoing. The delay inherent in the process of recruiting and staffing these teams often allowed the trail to "grow cold." It also deprived the investigation of its vitality and the professionalism and impartiality which would come from more regularized procedures.

This need is especially crucial given the mounting concern over the rising level of the United Nations expenditures in nearly every area. As noted in the Volcker-Ogata report, "support for improved financing will be dependent upon a perception that funds are economically managed and effectively spent."

This will require the prompt activation of a strong Inspector General's office.

Whether these and other necessary reforms can be accomplished will depend upon the exercise of the necessary political will by the Secretary General and member states supportive of reform.

This is not "reform for reform's sake." All of these efforts are designed to produce changes that will enable the United Nations to face today's totally unprecedented challenges and opportunities. While there are some who doubt that such change is possible, my own sense is that strong leadership and continued dedication on the part of those who support the United Nations will enable it to fulfill its mission.

And that mission should not be obscured. It was Dag Hammarskjold, one of the first to serve as Secretary General, who noted that "the United Nations was created not to bring mankind to heaven, but to save it from hell."

This the organization can do by continuing its important initiatives in peacekeeping, humanitarian endeavors, economic and social development and human rights and by continuing on the course of reform that I have summarized today.

## DICK THORNBURGH

Dick Thornburgh has served as Governor of Pennsylvania, Attorney General of the United States and Under-Secretary-General of the United Nations during a public career which has spanned over 25 years.

Elected Governor of Pennsylvania in 1978 and re-elected in 1982, he is the only Republican ever to have served two successive terms in that office and was named by his fellow Governors as one of the nation's most effective big-State Governors in a 1986 Newsweek poll.

During his service as Governor, Thornburgh balanced state budgets for eight consecutive years, reduced both personal and business tax rates and cut the state's record high indebtedness. Under his leadership, 15,000 unnecessary positions were eliminated from a swollen state bureaucracy and widely-recognized economic development, education and welfare reform programs were implemented. Pennsylvania's unemployment rate, among the ten highest in the nation when he was elected, was among the ten lowest by the time he left office.

His calm and effective handling of the unprecedented Three-Mile Island nuclear accident in 1979 was widely credited with avoiding panic and restoring calm.

Following his unanimous confirmation by the United States Senate, Thornburgh served three years as Attorney General of the United States (1988-1991) under Presidents Reagan and Bush. He mounted an unprecedented attack on white-collar crime, through securities and commodity fraud task forces established in eight cities and 27 savings and loan task forces which successfully prosecuted nearly 600 defendants, and a record number of convictions of defense contractors and corrupt public officials.

He sought and obtained a 50 per cent increase in the number of federal prosecutors and added over 1,600 new FBI and drug enforcement agents to the rolls of the Department of Justice. He signed the 1988 United Nations Drug Enforcement Convention in Vienna on behalf of the United States and established strong ties with law enforcement agencies around the world to combat drug trafficking, money laundering, terrorism and white collar crime. The Legal Times noted that Thornburgh as Attorney General "built a reputation as one of the most effective champions that prosecutors have ever had".

He played a leading role in the enactment of the landmark Americans with Disabilities Act, the most important civil rights legislation since the 1960s designed to empower 43 million citizens with disabilities, and took vigorous action against racial, religious and ethnic "hate crimes". His office mounted a renewed effort to enforce the nation's anti-trust and environmental laws as well.

As Attorney General, Thornburgh twice personally argued and won cases before the Supreme Court of the United States, validating Government drug testing policies and advancing the rights of victims of violent crime.

Thornburgh served in the Department of Justice under five Presidents, beginning as a United States Attorney in Pittsburgh (1969-1975) and Assistant Attorney General in charge of the Criminal Division (1975-1977), emphasizing efforts against major drug traffickers, organized crime and corrupt public officials.

During his service at the United Nations (1992-1993) as the highest-ranking American in the organization, he was in charge of personnel, budget and finance matters and of supervising long-overdue reform, restructuring and streamlining efforts designed to make the United Nations peacekeeping, humanitarian and development programmes more efficient and cost-effective.

Throughout his public career, he has travelled widely, visiting 37 countries and meeting with leaders in Canada, Europe, Africa, the Middle East, Russia, Japan, China, Korea, Australia, and Central and South America.

A native of Pittsburgh, Thornburgh was educated at Yale University, where he obtained his engineering degree, and at the University of Pittsburgh School of Law, where he served as editor of the Law Review. He has been awarded honorary degrees by 26 other colleges and universities. Thornburgh served as Director of the Institute of Politics at Harvard's John F. Kennedy School of Government (1987-88) and has spoken and lectured at numerous other institutions, including Moscow State University, and debated at the famous Oxford Union.

In the private sector, Thornburgh has been a partner in the Pittsburgh law firm of Kirkpatrick & Lockhart and a member of the Board of Directors of Merrill Lynch & Company, Inc., Rite-Aid Corporation, Arco Chemical Corporation and the Urban League of Pittsburgh.

He is a member of the National Academy of Public Administration, the American Bar Foundation and the Council on Foreign Relations. In 1992 he was honored by the American Legion with its highest award, the Distinguished Service Medal for "outstanding service to the community, state and nation", at its annual meeting in Chicago.

Thornburgh was an elected Delegate to Pennsylvania's historic Constitutional Convention (1967-68) where he spearheaded efforts at judicial and local government reforms, and was an unsuccessful candidate for the United States House of Representatives (1966) and the United States Senate (1991).

Thornburgh, age 60, is married to Ginny Judson Thornburgh, a former school teacher from New York, who holds degrees from Wheaton College in Norton, Massachusetts, and the Harvard Graduate School of Education. She presently serves as Director of the Religion and Disability Program of the National Organization on Disability, based in Washington, D.C. and recently co-authored and edited That All May Worship, a handbook for congregations working to include people with disabilities.

The Thornburghs have four sons and five grandchildren. As parents of a son with mental retardation, they have taken a special interest in the needs of persons with disabilities and with their son, Peter, were named "Family of the Year" in 1985 by the Pennsylvania Association for Retarded Citizens. Both Ginny and Dick Thornburgh were featured speakers at the historic Vatican Conference on Disabilities held in Rome in November 1992.

"MANAGEMENT AND MISMANAGEMENT AT THE UNITED NATIONS"

Testimony Before the Subcommittee
on International Security, International Organizations
and Human Rights
U.S. House of Representatives
March 5, 1993

by
Edward C. Luck
President, United Nations Association of the USA (UNA-USA)

Thank you Mr. Chairman. I am pleased to have the opportunity to testify before your distinguished subcommittee on the timely issue of management problems in the United Nations. The views that follow are personal ones that do not necessarily reflect the formal position of the United Nations Association, which is a broad-based national organization of 176 chapters and divisions and 132 affiliated national voluntary organizations. Because our 31,000 members believe in the importance of the UN's work, they are concerned when the world body's limited financial and human resources are not employed as efficiently as possible. There are various views within UNA-USA, however, concerning the best course for management reform.

The United Nations is not, and probably never has been, a well-managed institution. No organization with 180 member states micro-managing its affairs, a loose collection of affiliated agencies, an ever-expanding agenda, uncertain financing, and a shortage of professional managers could ever be a model of efficiency and cost effectiveness. Whether the UN's management deficiencies are markedly worse than those of most national, state and local bureaucracies, however, is a matter of conjecture.

What is abundantly clear, in any case, is that there is a wide and growing gap between the organization's responsibilities and resources. It is therefore urgent that its energies and finances be expended as economically and effectively as possible.

To this end, Dick Thornburgh's report of March 1st usefully points to a number of specific problems needing correction. Experience tells us that much of his analysis is on target and, despite overly colorful prose at points, his report will serve as a constructive contribution to reform efforts within the world organization. The report, however, is longer on diagnosis than prescription. For decades the UN's administrative liabilities have been all too obvious, but repeated efforts have failed to build sufficient political consensus among the member states to achieve durable or deep reform. It is therefore no surprise that Governor Thornburgh candidly concludes that he was able to accomplish relatively little during his brief tenure as the UN's chief manager. By convening this hearing, Mr. Chairman, you have signaled that this subcommittee -- and hopefully the Clinton Administration -- is prepared to give some fresh thought to (1) why American efforts through the years to reform the UN have achieved so little and (2) what alternative strategies hold greater promise for the future.

The tactic of withholding a portion of US assessed contributions adopted in the mid-1980's failed to produce meaningful or durable management reform, serving chiefly to isolate and embarrass our nation. It gave reform a bad odor in the UN community and stiffened resistance among some member states to restructuring steps that could

have benefitted the membership as a whole. Presidents Bush and Clinton have rejected such illegal withholdings, and Congress has worked to repay our arrearages over time.

Two fundamental shortcomings of past reform efforts stand out. One has been our national failure to develop and articulate a clear package of measures that demonstrably would strengthen the UN's operations. This stems, in part, from the difficulty we have had in formulating a durable bipartisan vision of what we want the UN to be and what our priorities and interests are in the world body. These are not simple tasks. But the collapse of communism, the end of the cold war, and the lessening of ideological bickering in this country about the value of the UN have all provided a far more promising political environment in which to address these broader, first-order questions.

As a consequence, today we can begin to try to mold the UN in a positive way, stressing what we want it to be rather than what we do not want it to be. In the past, many in the UN community perceived the US reform agenda -- and that of other major donors --to be limited to reducing the size, scope and cost of the UN, while maximizing our control over its budget and activities. The metamorphosis in politics at the UN makes it very much in the US interest today to seek to make the UN a stronger, and not just cheaper and tamer, organization.

The articulation of a positive reform agenda for the UN would help address the

second major shortcoming of past efforts: that was the failure to provide clear incentives to other member states for their support of reform steps. All members should understand that a strengthening of UN management is in their national interests, but their perceptions and views about what constitutes positive change may differ markedly from our preferred agenda. It is not easy to build consensus for change in a 180-member body. But it can be done with sufficient effort and vision, especially now that most decisions of the General Assembly and Security Council are adopted by consensus. With the demise of the Soviet bloc, the chief obstacle is finding a way to bring aboard the developing countries, which foot little of the bill but are the focus of much of the organization's work.

But what steps would do the most good in terms of improving UN management and the employment of its resources? Governor Thornburgh has identified some of these. I would strongly endorse the notion of establishing the post of Inspector General and endowing it with considerable authority and autonomy. Whatever the degree of malfeasance and corruption in the system, it should be rooted out promptly and rigorously. He identifies several measures that could facilitate the redeployment of resources from tasks of lesser to those of greater urgency. This problem, along with the related difficulty of setting clear priorities and closing down out-dated programs and missions, has long concerned me. His comments on the shortcomings of the personnel, recruitment, training and promotion system are well taken, as are those concerning the problems caused by efforts of member states to micro-manage budgeting and

programming.

Many of these issues were addressed in some detail in the Successor Vision study that a distinguished international panel prepared for UNA-USA in 1988. We put forward a raft of far-reaching reform proposals, some of which have been implemented, most of which have not.

Our primary contention -- that reform and analysis of an organization's management should begin with a clear vision of its purposes, priorities and comparative advantages (what I call strategic management, or management with a capital "M") -- is even more relevant to today's UN, as it faces an explosion in demands for its services around the world. These issues cannot be addressed properly at the Under Secretary General level, since they involve fundamental questions of the values, priorities and interests of the member states, along with the Secretary General's understanding of his organization's missions in a rapidly changing world.

In this vein, while I sympathize with Governor Thornburgh's concerns about the need to induce fuller coordination in the UN's economic, developmental, social and environmental programs, my sense is that the fundamental weakness lies in the inter-governmental mechanisms, chiefly ECOSOC. Our Successor Vision report put forward several sweeping reform proposals in this regard, and there since have been some modest improvements in ECOSOC's functioning, but the basic problem remains.

Without an effective mechanism for determining priorities on the inter-governmental level, the secretariat is bound to have a scattered look about it.

As you well appreciate, financial problems are the bane of the UN's existence. Rather than compelling management improvements, withholding of assessed dues -- along with late payments and the tendency towards voluntary funds and extra-budgetary financing -- have tended to compound management shortcomings. While Governor Thornburg has some useful things to say in this regard, I would also refer you to the report Financing An Effective United Nations, just published by a Ford Foundation working group co-chaired by Paul Volcker and Shijuro Ogata.

Nowhere is the havoc of uncertain funding more damaging than in the financing of peacekeeping missions. As calls grow for the UN to act as global policeman, and as our own armed services undertake more missions with or for the UN, it has become increasingly urgent that the member states see to it that these high-risk operations are fully funded and operated with the highest professional standards. If our young men and women -- not to mention those of other countries -- are put at risk because member states are being penny-wise and pound-foolish, it would be the height of folly and irresponsibility. I was pleased to see that Governor Thornburgh shares my concerns.

In closing, Mr. Chairman, let me reiterate my appreciation for your convening of this hearing on UN management practices and problems. These issues should be of

concern to Congress not only because of their budgetary implications, but because good management at the UN begins with the policies and attitudes of its member states, the US chief among them. I hope that this hearing marks the beginning of a serious congressional and executive branch review of American interests, policies and strategies at the UN. Thank you for the opportunity to be part of this process.

**Edward C. Luck**

Edward C. Luck is President and CEO of the United Nations Association of the USA, the nation's leading center for policy research and public outreach on the United Nations and multilateral issues. The non-partisan Association carries out a wide range of policy studies, international dialogues, publications, and educational programs for the public, students, media, and government officials.

Before being elected President in 1984, Mr. Luck served as Executive Vice President and Vice President for Research and Policy Studies. In the latter capacity, he oversaw research programs on the Soviet Union, Japan, and China, arms control and national security problems, and UN affairs. From 1974 to 1977 he served as Project Director of the UNA-USA National Policy Panel on Conventional Arms Control. He also has been a consultant to the Social Science Department of the Rand Corporation and to philanthropic foundations.

A frequent media commentator, Mr. Luck has published and testified widely on arms control, national security policy, Soviet foreign policy, the United Nations and multilateral diplomacy. He has edited two books and published scores of articles in *Foreign Policy*, *The Washington Quarterly*, *Current History*, *Disarmament*, and other scholarly journals, as well as in the *New York Times*, *Washington Post*, *Los Angeles Times*, *Christian Science Monitor*, *International Herald Tribune*, *USA Today*, *Newsday*, and other newspapers.

He holds a B.A. from Dartmouth College with High Distinction in International Relations, M.A., M.I.A., and M.Ph. degrees from Columbia University, and the Certificate of Columbia's Russian Institute. He is a member of the Council on Foreign Relations and the Century Association.

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September 1, 1987

Professional Resume: CHARLES M. LICHENSTEIN
Distinguished Fellow (specializing in U.N. Studies, foreign policy analysis, intelligence, counter-terrorism)

(Joined HERITAGE on March 6, 1984)

Previous Professional Experience

January 1981-March 1984:

Alternate U.S. Representative to the United Nations and Deputy U.S. Representative to the U.N. Security Council

January 1975-December 1980:

Senior Vice President (Promotion, Advertising, Public Affairs)
The Public Broadcasting Service
Washington, D.C.

(PBS serves as the national programming network for U.S. public television stations.)

January 1969-December 1974:

Various Presidential appointments in the Nixon and Ford administrations, including:

--Special Assistant to the President (Political Liaison)
--Executive Assistant to the Chairman of the Federal Communications Commission (Dean Burch)
--Special Assistant to the Secretary of Health, Education & Welfare (Robert H. Finch)

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Professional Resume: CHARLES M. LICHENSTEIN (continued)

March 1963-April 1965:

Director of Research, Goldwater-for-President Committee, later the Republican National Committee

July 1959-March 1963:

Research Assistant to Richard M. Nixon (Office of the Vice President, Presidential Campaign 1960, California Gubernatorial Campaign 1962)

June 1952-May 1957:

Current Intelligence Analyst (Middle East/Africa), The Central Intelligence Agency

Academic Career

Yale University -- B.A. 1948 (Phi Beta Kappa)
M.A. 1950

Instructor in Political Science (American Government, Political Theory, International Relations)

--Yale University, 1956-57
--Notre Dame University, 1957-59

Personal Background

Born September 20, 1926, Albany, N.Y.; educated in public schools, Schenectady, N.Y. Unmarried.

JOHN GERARD RUGGIE became Dean of the School of International and Public Affairs at Columbia University on July 1, 1991. He had been a professor of political science at Columbia from 1978 to 1987, before joining the founding faculty of the newly created Graduate School of International Relations and Pacific Studies at the University of California, San Diego. While at UCSD, he also served as Director of the University of California's systemwide Institute on Global Conflict and Cooperation.

A specialist in international cooperation and multilateral diplomacy, John Ruggie brings to this subject matter a combination of analytical rigor, political realism, and policy relevance. His scholarly publications include six books and thirty articles. In contrast to numerous observers who have been predicting the imminent collapse of the international trading order for the past twenty years, Ruggie has explained why norms and institutional arrangements in the world economy would make that an unlikely occurrence. In contrast to those who predicted that the end of the cold war would result in a return to conflictual balance of power politics, Ruggie has argued that multilateral mechanisms at the least provided breathing room and opportunities for states to move toward a greater reliance on cooperative security structures. And for many years he has explored the evolving efficacy of sovereignty as a guide to the international behavior of states.

Ruggie is a long-standing consultant to the Los Alamos National Laboratory, where he chairs the Advisory Committee of its Center for National Security Studies. In addition, for many years he has assisted the United Nations in various capacities. He is a member of the Council on Foreign Relations, and sits on the Board of Governors of the Foreign Policy Association. The author of numerous op-eds that have appeared in major newspapers in the United States, Europe, and Japan, he has also participated in national and local television news programs.

A native of Austria, Dean Ruggie attended high school and college in Canada. He came to the United States in 1967 to do graduate work at the University of California, Berkeley, where he received the Ph.D. in 1974 and also taught for four years. He has held visiting appointments at the Carnegie Endowment for International Peace in Geneva, Switzerland; the Center for International Affairs at Harvard University; the Royal Institute of International Affairs in London; and Beijing University. John Ruggie is married to Mary Ruggie, a Professor of Sociology at Columbia and an expert in comparative health policy. Their son Andreas is a sophomore in the Bronxville, N.Y. High School.

# REPORT

## TO THE SECRETARY-GENERAL OF THE UNITED NATIONS

BY

DICK THORNBURGH
UNDER-SECRETARY-GENERAL
FOR ADMINISTRATION AND MANAGEMENT

1 MARCH 1993

## INTRODUCTION

Today's United Nations faces totally unprecedented challenges and opportunities. With the end of the cold war, the Organization has shifted its focus from passively refereeing ideological differences to actively addressing pressing challenges in peacekeeping, humanitarian endeavours, economic and social development and human rights. In these 1990s, the United Nations has, in fact, been empowered to revert to the very mission intended by those who adopted its Charter in 1945.

While this is an exciting era at the United Nations, it must be acknowledged that the Organization today truly stands at a crossroads as to whether or not it can effectively adapt to these changing times. It must be further acknowledged that many doubt that it can do so.

At the same time, it is clear that the new responsibilities being assumed by the United Nations have raised the stakes and heightened the consequences in terms of human suffering should the United Nations fail to accomplish these goals.

During the last year it has been my privilege to serve, by your appointment, as Under-Secretary-General of the United Nations Department of Administration and Management (DAM). As you know, I accepted this one year appointment, at the request of

President Bush, to assess and evaluate the operations of the Organization from an "outside" viewpoint, with particular emphasis on their integrity, efficiency and cost-effectiveness.

This report is intended to account for my stewardship of DAM during the last year and to offer some suggestions and observations regarding the Organization and its activities. It is rendered, as I depart, in the expectation that it will be of value and use to you, to my successor and to interested Member States.

## I. RESTRUCTURING AND REDEPLOYMENT

One of the first and most widely-acclaimed acts of your tenure in office was the elimination of some 25 per cent of the high level positions in the United Nations Headquarters bureaucracy and the undertaking of various restructuring initiatives, which resulted in the creation of whole new Departments and the merger, rationalization and streamlining of existing operations. This was generally characterized as the first phase of restructuring.

You also imposed a hiring "freeze", i.e. a suspension of outside recruitment, with respect to vacant Professional posts. At your direction, we undertook a post-by-post review of all such vacancies at Headquarters to determine which posts were indeed

essential to continued operations, with the particular goal of eliminating overlap, duplication and redundancy. About one half of the 154 "frozen" posts, a total of 74, were redeployed to priority areas, thus staffing posts in those areas without the need to seek scarce additional resources from the General Assembly. By and large, in making these determinations, a premium was put upon moving positions from the bureaucracy to the field, especially in the peacekeeping, human rights and humanitarian areas.

In similar fashion, DAM itself has substantially revamped its management structure and redeployed our resources within the past year. Significant changes were undertaken, in particular, within the Office of Conference Services (OCS), primarily to ensure that its activities concentrated on serving the needs of Member States and intergovernmental bodies for interpretation and translation - the spoken and written word. This was accomplished by removing from OCS jurisdiction those of its operations which might distract from its primary purpose. Thus, the operation of the Dag Hammarskjold Library and certain publication and cartographic activities unrelated to the primary role of OCS were transferred to the Department of Public Information. Certain "business" functions involving publication and printing were transferred to the Office of General Services (OGS), the entity with overall responsibility for procurement and contracting. Further, in my view, the operations of the print shop, about

which considerable recent concern has been raised, should be subject to an outside management review to evaluate its operations against minimum standards of efficiency in the industry and determine its future. A real question exists as to whether such a continued large in-house printing capacity is justified, given the high labour costs resulting from the need to satisfy "peak demands" during General Assembly sessions.

When these and other steps to centralize publishing activity have been fully implemented, an early and thorough review of the unnecessarily wide array of United Nations publications should be undertaken, to both economize and rationalize in this highly visible area.

Unfortunately, I cannot assure you that the publishing and printing functions carried out by the former Department of Conference Services and currently being transferred elsewhere are functioning effectively. Following years of insufficient scrutiny, we have only recently taken administrative and disciplinary actions to address this neglect. This overview should continue.

Significant additional improvement and savings in the operations of OCS would also result from seeking from the General Assembly the moratorium which I suggested on scheduling any new costly world-wide conferences, at least until the observance of

the Organization's fiftieth anniversary in 1995. During this interval the scheduling of future gatherings could be carefully assessed, a step which could build on the already tightened controls on travel imposed last year following the Rio Conference.

Two operations in DAM, the Management Advisory Service (MAS), our internal management consultants, and the Field Operations Division (FOD), have been detached from, respectively, the Office of Programme Planning, Budget and Finance (OPPBF) and OGS and attached directly to the Office of the Under-Secretary-General for purposes of raising their profile and highlighting the importance of their missions. In particular, FOD, which services all peacekeeping, political and humanitarian operations in the field, was provided with its first (and long overdue) mission statement, issued as your ST/SGB/Organization of 8 December 1992. Further, as a result of extensive discussions, FOD was brought into a mutually satisfactory relationship with its principal "customer", the Department of Peacekeeping Operations (DPKO), through adoption of written guidelines.

I would recommend that the mission and staffing of MAS be reviewed with an eye toward evolving a more professional and specialized capability to assist on management issues, perhaps within the proposed Office of Inspector General (infra, pages 29-32).

The introduction of new managers within DAM has had a positive effect and, in particular, was necessary to reinvigorate the Office of Human Resources Management (OHRM), upon which many of the challenges of the near future will devolve.

Unfortunately, the downgrading of the posts of DAM's principal managers from Assistant-Secretary-General to the D-2 level, while well-intentioned from the viewpoint of your overall goal of separating "political" from "civil service" positions, has had a negative effect, particularly in view of the simultaneous upgrading of other positions within the Secretariat with much less apparent responsibility. There is also considerable concern and some confusion as to the status of D-2s being supervised by other D-2s and the compression of career opportunities for otherwise qualified managers. I believe this can be rectified by the prompt creation of your proposed D-3 post and its judicious use to recognize the contributions made by the heads of offices within this Department. I recommend this matter receive immediate priority attention.

Of further concern regarding the level of staffing is the seeming continuing practice of awarding costly "consulting" contracts to high level officials following their retirement or termination of services, especially at a time when the Organization is already burdened with an inordinate number of

supernumeraries - those serving on high-paying permanent contracts without any specific job assignment.

DAM responded particularly well to your efforts to redeploy posts to priority areas within the Organization. A total of 46 Professional posts were made available for redeployment and appropriate adjustment was made within the Department.

A particularly effective restructuring technique, introduced with the aid of McKinsey & Co. Inc. management consultants during their six-months of pro bono service to DAM, involved staff members of the pouch unit of the mail room in a "bottom up" evaluation of operations, leading to their redesign and reconfiguration. This technique, it is planned, can be replicated elsewhere to draw on the insights of experienced staff members who have "never been asked" their views as to how operations might be improved.

Our efforts to address restructuring and reform at offices away from Headquarters (Geneva, Vienna, Nairobi, all of which I visited, and in the five Regional Commissions) has proceeded less rapidly. This process has been complicated and delayed, understandably, by the overall restructuring process in the field of economic and social development (see pages 26-29, infra) with which these offices are mainly concerned. As soon as "the dust settles" on the overall restructuring effort, it will be crucial

to resume and complete the examination of staffing at these locations, particularly those where recurring concerns have been raised concerning the efficiency of operations.

## II. PERSONNEL

Current problems in what you have correctly identified as "the present outmoded system of personnel management" constitute a major stumbling block to true reform within the Organization. Many of these problems were identified in the Plan of Action we submitted to you in May 1992. As anticipated, only a few have been thus far fully resolved. The recent installation of new leadership in OHRM holds promise for the future, however, and the support for many of our recommendations which you outlined to the Fifth Committee of the General Assembly on 6 November 1992 should provide additional impetus to action within this area.

Defects exist in nearly every aspect of present personnel practice. Recruitment has been undertaken on a more or less haphazard basis and consumes an inordinate amount of time. Training programmes are insufficient. Promotion exercises have become unduly complicated to the point of being nearly unworkable, and, in practice, are working to frustrate your goals for the promotion of women. Discipline and dismissal procedures are encumbered by seemingly interminable appeals processes.

The result is too much "deadwood" doing too little work and too few good staff members doing too much, over-extending themselves sometimes to the point where they have become counter-productive.

While well intentioned and positive from the point of view of staff morale, your commitment that no staff member will lose his or her post during the restructuring process has hamstrung efforts to increase productivity within the Organization. Nearly everyone of my senior management colleagues in the Secretariat and many staff members as well have complained about the "deadwood" problem. While present practices dictate that nearly all terminated employees should receive a substantial cash payment, the aggregate cost of keeping unqualified, incompetent or non-productive staff members in place far exceeds, in my view, whatever termination expenditures might be necessary to "clean up" the Organization. Managers simply must be permitted to terminate those not measuring up to "the highest standards of competence, integrity" contemplated by the Charter.

Therefore, I suggest that you make it clear that your commitment not to terminate staff whose posts are affected by the restructuring will not protect those staff members who, for reasons unrelated to the restructuring, are simply not performing adequately. If rules and procedures continue to make it necessary to fund those terminations required for the better

functioning of the Organization, appropriate financial arrangements should be developed, with the input of Member States, to do so.

These steps, together with others herein recommended, would have a positive effect on the morale of that vast majority of dedicated staff members remaining on the job as well as on the productivity of the Organization as a whole.

On a related matter, I believe that the whole question of permanent contracts should be addressed to verify their efficacy and, if perpetuated, to establish an appropriate working ratio between permanent and fixed-term contracts throughout the Secretariat. Permanent contracts, in my view, should be the exception rather than the rule and should, even when granted, be subject to the periodic review originally contemplated. Staff should be disabused of any notion that there is any such thing as a "right" to a permanent contract.

One of the major disappointments of my tenure was our failure to devise a new performance evaluation system. The present scheme is virtually useless as "ratings inflation" has produced positive assessments for nearly all (90 per cent) of our staff members. The present practice thus deprives the Organization of both the ability to reward superior performance and to sanction sub-standard performance. A system where all are

rated superior is one where none are superior. Again, a complicated and lengthy rebuttal process clearly is an inhibitor to candid assessments by managers. This project should be a high priority for my successor, working with OHRM managers and drawing, with outside assistance, on the experience of those, such as the United Nations Development Programme (UNDP), which have already addressed this problem.

In your November speech to the Fifth Committee you called for the rapid implementation of a comprehensive career development system. Such a system has been devised with the aid of a panel of outside consultants and a working group of the Staff Management Co-ordinating Committee. While implementation has not proceeded as rapidly as might be desired, all the pieces are in place to accomplish the goals set forth in the plan. As you have stated, "it is now time for action".

In one area, a significant change is already under way. Thanks to the efforts of OHRM's Training Service and the financial support of the Japanese Government, a long-awaited management training initiative is currently in the process of implementation. This will address one of the major shortcomings of the United Nations identified by nearly everyone who has examined its operations - the shortage of qualified managers, especially at the middle management level. This effort should be

periodically supplemented by the use of expert advice such as that provided to us by McKinsey & Co., Inc. during 1992.

Efforts must also be pursued to eliminate "featherbedding" practices such as those we identified in OCS where failure to introduce word processors in the translation process has prolonged the unnecessary employment of some 500 typists who transcribe for editing the dictation of translators. In other settings, translators are already making use of modern technology to simplify their activities at a considerable savings. A phasing-in of translators, trained in utilizing word processors for direct translation, could eventually produce annual savings on the order of at least $20 million. Unfortunately, our attempt to introduce a "pilot" programme to phase out, and ultimately eliminate, unnecessary typing positions, has thus far been undermined by those within OCS management seeking to preserve the status quo at all costs.

While the hiring "freeze" imposed a year ago served its purpose, it should be lifted if the new vacancy review process can be perfected so as to provide for an appropriate infusion of "new blood" into the Organization. The proper "mix" between internal promotions and outside hiring will be obtained only through careful monitoring of vacancies and an end to the "old boy network" aspects of the present process.

You have expressed, on a number of occasions, the need for higher pay for United Nations staff members. It is not apparent to me that pay levels within the Organization, taken as a whole, are non-competitive. While certain specialized positions may be difficult to fill, I would caution that this concern not ripen into support for proposals for a generalized pay increase without a careful independent assessment of all pay levels. In any event, any pay increase could well be accompanied by a reduction for newly-hired staff members in the overly generous six weeks annual vacation, as a strong signal of a desire for increased productivity.

A major effort will be necessary to meet your goal of a fifty-fifty balance in policy-level positions between men and women by the Fiftieth Anniversary of the United Nations in 1995. Programme managers must be held more accountable in this area, and pockets of cultural prejudice remain to be dealt with. On the other hand, our issuance of guidelines on sexual harassment last year did, in my view, send a positive signal with respect to advancing the standing of women within the Organization.

## III. BUDGET, FINANCE AND ADMINISTRATION

The United Nations is perpetually short of cash due to the late and uneven payments by Member States of their assessments.

The term "financial crisis" has become so overworked as to be a permanent description of the Organization's financial status. In the final analysis, only prompt and full payment of assessments will provide permanent relief. While this will require a political will previously lacking on the part of Member States, it is significant to note that last year Member States did pay nearly 94 per cent ($976 million out of the $1.04 billion) of the amounts owed for the regular budget. Moreover, the principal contributor in arrears, the United States, is currently paying its dues almost in full and is gradually paying its arrears in annual instalments as part of a plan adopted by Presidents Reagan and Bush. President Clinton has also indicated his commitment to put the United States funding on a current basis. During my visit to Moscow at the end of 1992, we impressed upon Russian officials the need for a similar commitment on their part as the Member State with the second largest arrears.

Awaiting the day when these funding problems are ended, there are, nonetheless, improvements in the budget, finance and administration area that can be undertaken now to improve the Organization's performance in this regard.

The current regular budgeting process utilized in the United Nations can, I believe, be characterized as almost surreal. It is overly complicated, reflective of a strong tendency on the part of the General Assembly to micro-manage and, in many ways,

out of touch with reality. A great deal of effort, for example, is extended in the framing of the six-year medium term plan, the budget estimates, the biennial budget itself and revised estimates to reflect changes made during the biennium. Each of these must then be submitted for consideration and approval to the Advisory Committee on Administrative and Budgetary Questions (ACABQ), the Committee on Programme Co-ordination, the Fifth Committee of the General Assembly and the General Assembly itself. Most of this detailed and laborious effort is stated to be designed to ensure that the Secretariat carries out priorities established by the General Assembly in all its activities.

What is ignored is the fact that these "priorities" are constantly skewed and distorted by activities and expenditures by United Nations entities outside the Secretariat. Parallel or diverging priorities are de facto established by the governing bodies of a whole array of entities which are financed by extrabudgetary funds beyond any control of the Secretariat and, indeed in most cases, the General Assembly itself. The net effect is that some 70 per cent of the Organization's expenditures, for example, in the area of social and economic development, are made without any reference to the intricate budgetary processes engaged in by the Secretariat and the General Assembly.

What is called for, in my view, is a two-fold effort to deal with this phenomenon. First, as referred to below in the discussion of economic and social development, is a central policy-making mechanism to establish priorities for the United Nations as a whole in this area and to insure that the expenditure of funds effects those priorities within all components. Second, much less emphasis should be placed upon the futile attempt of the General Assembly to micro-manage each department, office, division, unit, etc. through control of staffing tables and expenditures. More flexibility should be granted to managers to manage, while they are, of course, held strictly accountable for their adherence to clear policy goals and priorities properly established by Member States through the General Assembly.

Only a beginning in these reforms was made during the in-house seminar held at Mohonk, New York, last year where a more simplified budget process was discussed. What is needed more is an overhaul in budget philosophy if that process is to serve as the instrument of policy that it rightly should. A re-convened seminar with outside (not just in-house) experts could begin this process during the upcoming 1994-95 budget cycle.

The Medium Term Plan, in my view, is simply useless. Six year projections in times of change, such as we are involved in now, are especially unrealistic. Moreover, the tremendous effort

and resources expended to produce a document which no one does (or, in all candor, should) read or refer to is simply a gross misallocation of scarce talent within the Organization. Unless the Medium-Term Plan is altered substantially in both format and substance, you should recommend its discontinuance to the General Assembly.

Ideally, internal budget hearings for each biennium should be held before a Programme Planning and Budgeting Board chaired by the Under-Secretary-General for Administration and Management, serving with the Controller and the Director of OHRM. Programme managers should be instructed by you as to the Organization's priorities and then submit their recommendations in response and appear before the Board to justify their requests. Thereafter, the Board would be charged to harmonize and reconcile the requests in a final comprehensive Secretariat budget to be submitted by you to the General Assembly. This process has, to my observation, not been carried out with the necessary degree of order and discipline in recent years and should be reinvigorated.

Ironically, the processes and problems described above in the regular budgeting process are nearly reversed in the peacekeeping area which now well exceeds the regular budget in aggregate appropriations. Here the problem is an understandable one. Peacekeeping budgets must be fashioned rapidly, in very general terms, often lacking any basis for the types of detail

and specificity usually insisted upon in the regular budget. To accommodate these conditions, to be sure, various appropriations mechanisms provide for the commitment of expenditures by you or on the approval of the ACABQ for "start up" costs in peacekeeping operations, lest they bog down due to lack of resources or delay occasioned by the regular budgeting process. A further positive step in this regard is the General Assembly's recent establishment of a $150 million fund for such "start up" activities. Nonetheless, peacekeeping funding is still much like a financial "bungee jump", often undertaken strictly in blind faith that timely appropriations will be forthcoming. The irony is that far more vast and costly operations are undertaken and appropriated for in the peacekeeping area on a more or less ad hoc basis, than those pursued in such meticulous detail in the regular budget process.

The answer, it seems to me, is a process which provides for far less scrutiny of the minutae of the regular budget and for more attention to the particulars of the process utilized in financing peacekeeping budgets. The latter would be aided by compiling and adopting procedures which would recognize that, while peacekeeping operations are not generic, standard-costing modules can be structured with respect to those increments which have cost elements in common so that a relative uniformity can be utilized for estimating purposes. It would also be useful if budget scrutiny were confined to the regular process, i.e. the

ACABQ and Fifth Committee, and not be extended to the Security Council or the Permanent Members thereof, as has occurred on recent occasions.

In the area of financial management, McKinsey & Co. Inc., recommended a number of improvements to the United Nations treasury operations which are now in the process of being implemented. These include better handling of foreign exchange transactions, centralization of cash management and investments, automation of payments and generally tighter controls. These changes are calculated to provide as much as $12-15 million per year in cost savings and increased income.

The review of executive officers which you requested has been completed and the staffing of these positions, both here and away from Headquarters, is underway. I suggest you consider as a further goal the creation of an Executive Service within DAM, covering duty stations at Headquarters and elsewhere, from which these positions would be out-posted. This could increase career opportunities and provide for more responsiveness on the part of administrative personnel, as well as facilitating more frequent rotation of these officers to reduce the possibility of their "going native" within their assigned operations.

As noted previously, most of the United Nations' problems in the area of budget and finance derive from the precarious day-to-day financial situation of the Organization. It was for that reason that we asked the Ford Foundation to undertake a study of UN finances through a committee of experts under the leadership of Paul Volcker, former Chairman of the Board of Governors of the United States Federal Reserve Bank, and Shijuro Ogata, former Deputy Governor of the Japan Development Bank. You now have their report and I recommend that appropriate steps be taken to implement its recommendations. One further matter deserves comment. Contrary to the findings of this report, I continue to believe that the United Nations, while commendably operating under its own "balanced budget amendment" which prohibits year-end deficits, does need short-term borrowing authority to even out the peaks and valleys in commitments and contributions during the year.

Finally, one of the ongoing reforms in the area of administration is the Integrated Management Information System (IMIS) project, now in its last phase of development. The project was reviewed by independent experts in 1992 who reported directly to the ACABQ during the forty-seventh session. Their findings were very positive with regard to the technical framework selected and the management of the project. However, the experts expressed serious concerns regarding the readiness of future users in the Organization to implement such a system. We

are now taking steps to address these concerns. The first release of the software (mostly personnel and some accounts) is completed, is being tested, and is scheduled to be implemented in April 1993. The second release (the rest of personnel and accounts) is scheduled for implementation in October 1993.

I am pleased to report that several United Nations organizations have indicated their interest in using this integrated software: UNDP, the United Nations Children's Fund, the World Intellectual Property Organization, the World Meteorological Organization, the World Health Organization, the International Civil Aviation Organization, the United Nations Relief and Works Agency for Palestine Refugees in the Near East and, possibly, the United Nations Industrial Development Organization. The Office of the United Nations High Commissioner for Refugees, the International Labour Organisation (for the personnel modules), and the International Trade Commission, have been committed to IMIS since the beginning of the project. The General Assembly was informed that the software would be made available free of usage charge (only reimbursement of expenses) to other organizations.

This could be an unprecedented development in the United Nations system. If indeed all these agencies adopt IMIS, it will be a major step toward standardization in the common system and will represent considerable savings for Member States. It should

be urged upon these agencies at the next session of the Administrative Committee on Co-ordination.

## IV. PEACEKEEPING AND OTHER FIELD OPERATIONS

Of course, the most visible activities in which the United Nations is engaged today are the various peacekeeping, humanitarian and institution-building activities being carried out in the field. All of us who participated in advising you on the document issued as "An Agenda for Peace" are gratified that it has provided a useful framework for debate on how best to master the new substantive challenges deriving from vastly expanded operations in these areas today.

From a management standpoint, these challenges are particularly daunting. Not only has the number of these operations vastly increased, but their character has changed as well. From 13 peacekeeping operations in the period 1948-1987, we have seen 13 more in the five years since 1987 with other potential "hot-spots" cropping up with regularity. No longer are these only "traditional" peacekeeping operations, designed to militarily monitor a political settlement of hostilities. New institution-building exercises, in areas such as Angola and Cambodia, now require a variety of diverse civilian skills.

More recently, peacekeeping operations where "there is no peace to keep" have been mounted to provide humanitarian aid in the former Yugoslavia and Somalia.

Unfortunately, these new assignments are sorely straining the financial and organizational machinery of the United Nations. Practices and procedures utilized during nearly a half-century of stalemate are proving inadequate to an era of around-the-clock, around-the-world action as the Organization matures into a kind of global 911 emergency number.

Personnel and logistics demands upon the Secretariat have been vastly altered, both quantitatively and qualitatively, especially within the last year. Most of those engaged in these activities have performed heroically, but they need to have their ranks dramatically increased and to benefit from a significant overhaul of infrastructure and procedures. Organizationally, the United Nations is, in many ways, still doing "business as usual" utilizing the policies and procedures of the last 45 years without the introduction of new measures, particularly in the planning area, to deal with the changed characteristics of our field operations. Moreoever, as noted above, micro-management efforts by certain interested Member States have sometimes compounded the effort to deliver these vital services in a timely and cost-effective manner.

FOD is charged with implementing, expediting and overseeing these various operations with regard to financial, personnel, procurement and logistical matters. They are also empowered to administer the necessary "checks and balances" to ensure compliance by operations in the field with appropriate rules and regulations. As noted, when I assumed my post, I found FOD "buried" within the Office of General Services, two layers below my office. It had neither written charter nor mission statement, in spite of recommendations to that effect made previously, and was at odds with its "customers" in several important areas. Through the co-operation of Under-Secretaries-General in the Peacekeeping, Humanitarian and Political areas a definition of FOD's mission was hammered out at and, in particular, a modus vivendi agreed upon between an upgraded FOD and DPKO to lessen tensions and increase co-operation between these two important entities.

Since November, FOD has maintained a desk-officer system to provide expedited attention to particular problems in the field. A further priority in this area that deserves immediate attention, especially when United Nations forces are deployed in so many dangerous and volatile areas across the globe, is the creation of a central communications center at Headquarters operating 24 hours a day and able to contact all field missions as well as high-ranking officials posted at Headquarters on a moment's notice.

We have convened an inter-departmental working group, including all interested parties, to deal with the overall problems involved in staffing non-military field operations from the Secretariat and outside sources. Demands have increased within the past year to the point that over 2,500 staff members are now serving on missions. This working group has already undertaken a valuable co-ordinating role and will continue to report to my successor and to you on all aspects of planning, recruitment, training, deployment and conditions of service with regard to those on mission service. Of increasing concern is the personal security of staff on missions, a concern escalated by the ominous number of recent assassinations.

These steps represent a good beginning, but much more remains to be done. McKinsey & Co., Inc., in the course of its review of our operations, conducted a preliminary overview of FOD and estimated that as much as $100 million per year could be realized in cost savings and, at the same time, visible improvements could be made in the quality of our field operations. I would suggest that a full study be undertaken, either by McKinsey & Co., Inc. or by other qualified international consulting firms, to be funded either out of a percentage increment of all future peacekeeping budgets or through voluntary contributions by interested Member States, some

of which have already exhibited interest in funding such an arrangement.

Periodic "outside" management reviews would, I suggest, not only provide recommendations for better management of field operations, but would also bolster the confidence of contributing Member States at a time when they are being asked to increase dramatically their financial contributions to these operations.

## V. ECONOMIC AND SOCIAL DEVELOPMENT

You have noted that, in the United Nations' economic and social development programmes:

> "Duplication is widespread; co-ordination is often nominal; bureaucratic battles aimed at monopolizing a particular subject are rife, and organizational objectives are sometimes in conflict."

At your request, we undertook a review of these programmes and I submitted a concept paper to you (see Appendix) for your consideration and for use by the group of experts you convened to study this question. I am pleased that some of those concepts have already been incorporated into the initial steps of restructuring in this area.

I must express some misgiving, however, over the creation in November of three separate new Departments with accompanying

Under-Secretary-General appointments to handle the economic and social development agenda. Your consolidation of the previous hodge-podge of programmes into a new Department of Economic and Social Development (DESD) a year ago was an important first step in strengthening and rationalizing operations in this area. If it had been followed by a restructuring within DESD, creating separate offices to embody the "clusters" you have properly identified for the "separation of powers" in this area, a major advance could now be underway. By ignoring the recommendations to that effect made by the experts you convened, the advances intended will be frustrated and the potential for turf battles, duplication and mal-coordination which you have previously identified will only be magnified. Early indications indeed are that the creation of these new Departments will, in fact, add additional posts and costs instead of effecting the savings and economies hoped for in the restructuring exercise.

Moreover, it must be recognized that the restructuring undertaken thus far is only a half-way measure. It is to be hoped that the larger questions of the economic and social development agenda addressed in our concept paper will receive early consideration, i.e. the need for a Development Council to ensure that Member States "speak with one voice" on these matters; the realignment and consolidation of the patch-work of system-wide organizations with responsibilities in this field; the broadening of the role of the regional commissions; the

redefinition of the role of all entities in this area to aid in promoting environmental responsibility, democratic institutions and market economies; and a Bretton Woods II Conference to reposition the World Bank, the International Monetary Fund and the General Agreement on Tariffs and Trade to address their development roles in the changed world situation.

It cannot pass without notice that your laudable goal of reducing the number of high level appointments within the United Nations appears to have been compromised by the splitting up of the former DESD and the creation of two new Under-Secretary-General positions, particularly since it coincided with the downgrading, for example, of the Assistant-Secretary-General positions of those responsible for the Organization's budgetary and personnel operations, certainly of at least equal importance to the responsibilities assigned to these new posts. Unfortunately, what appears to have been undertaken in the effort to reduce the top-heavy nature of the United Nations bureaucracy now begins to look more like "two steps forward, one step back" rather than sustained and consistent progress.

Finally, as you are aware, I have expressed a personal interest during the last year in one particular area not part of my portfolio. I refer to programmes for persons with disabilities, currently carried out under the auspices of the Center for Social Development and Humanitarian Affairs in Vienna.

With the end of the Decade of Disabled Persons, as observed in the two-day plenary session of the General Assembly in October, concerns have been expressed over the future of the effort, in your words, "to turn awareness into action". This suggests a particularly appropriate role for the regional commissions, as has already been undertaken by the Economic and Social Commission for Asia and the Pacific, and a close liaison with the newly formed International Conference of Ministers Responsible for the Status of Persons with Disabilities. The proposed movement of the office concerned with disability (and other social) matters to New York from Vienna would bring this important effort more into the mainstream of United Nations activities and will, I trust, be swiftly implemented.

## VI. FRAUD, WASTE AND ABUSE

The United Nations presently is almost totally lacking in effective means to deal with fraud, waste and abuse by staff members of the type which has so recently been highlighted in the reports of audit agencies and in the news media.

My report and recommendation to you respecting the creation of a new office of Inspector General requires urgent and immediate attention. The chronically fragmented and inadequate structure for audit, inspection, investigation and programme evaluation is currently so ineffective that, time and again, we

have been called upon to create ad hoc teams to carry out investigations into allegations of serious wrongdoing. The delay inherent in the process of recruiting and staffing these teams often allows the trail to "grow cold". It also deprives the investigation of its vitality and the professionalism and impartiality which would come from more regularized procedures.

Moreover, the present structure is not cost-effective. While the internal and external audit functions, sometimes but not always co-ordinated, are understaffed, the Joint Inspection Unit (JIU) drains off nearly $4 million a year into such questionable efforts as the recently completed study on "Managing Works of Art in the United Nations". I realize that the JIU is a creature of the General Assembly and has become, in large part, a convenient patronage "dumping ground", but surely some sense of proportion must be maintained when it comes to dealing with serious integrity problems within the Organization. In the short run, this dilemna could be addressed by your simply foregoing the opportunity to nominate further JIU members, thereby de facto phasing out their operations over a period of time, as I recommended to you last year. This, of course, requires a political judgement beyond the scope of this report.

Although we have sought to strengthen the response capability of the Secretariat to audit exceptions, I believe that few of the reports produced by the present fragmented effort will

be taken seriously by the auditees until the "muscle" of your office is placed firmly behind a consolidated effort carried out by a strong Inspector General's Office.

This need is especially crucial given the mounting concern of major contributing Member States over the rising level of expenditures of the Organization in nearly every area. As noted in the Volcker-Ogata report, "support for improved financing will be dependent upon a perception that funds are economically managed and effectively spent." Major donors, and indeed all Member States, deserve the reassurance that their assessed and voluntary contributions are being wisely and prudently utilized by the Organization so that they, in turn, can convey such reassurances to their taxpayers, the ultimate supporters of all United Nations activity.

This reassurance can only come, I repeat, from the prompt and effective activation of a strong Inspector General's Office along the lines I have previously suggested.

My recommendation in this regard is largely a result of my own previous governmental experience with an office of inspector general. Both as Governor of Pennsylvania and Attorney General of the United States, it was my responsibility to supervise some 80,000 employees and manage budgets in excess of $10 billion per year. In each case I found an office of inspector general (which

I established in Pennsylvania and was called upon to implement at the Department of Justice) to be of immeasurable assistance in keeping management fully and currently informed about problems and deficiencies relating to programme administration and operations.

Establishment of the Inspector General's Office should be accompanied, as I have also previously suggested, by the adoption of a common set of accounting principles and standards; additional amendments to the code of conduct for staff members (following up on the recent adoption of standards regarding sexual harrassment and prohibiting outside payments by governments) that would compel full financial disclosure by senior management and persons in sensitive positions to ensure against and deter conflicts of interest and other ethical lapses; an overhaul of the performance evaluation process to include a greater emphasis upon managers' assessment of the integrity of staff members under their supervision; and a more simplified system for the administration of justice which would provide for expedited treatment of allegations of wrongdoing against staff members, both from the point of view of promoting quicker disciplinary action or, as the case might be, more rapid exoneration of those found not to be guilty of the allegations made against them.

## CONCLUSION

Of course, the effort to improve the administration and management of the United Nations is not an end in itself. But it is critical to ensuring that the United Nations maximize the use of the resources entrusted to it by the Member States to promote the goals enumerated in the Charter. At a time when the United Nations is called upon to play an ever more active role throughout the world, many of the administrative and management practices of the past 45 years are wholly inadequate to meet the demands of the current era. If initiatives to change and modernize these practices are not forthcoming, this Organization simply will not have the ability to meet its new responsibilities.

The course of restructuring and reform upon which you have called the United Nations to embark is a difficult one. It is, by definition, a dynamic and never-ending process and must be amenable to re-thinking and amendment as conditions change. It is inherently untidy and incapable of being "packaged" as a complete and final product at any one stage of its development. It is also bound to be opposed by powerful interests which have a special stake in the status quo. The success of such a comprehensive undertaking will depend equally upon the exercise of the necessary political will by Member States and the

ingenuity and persistence of you and your team in the Secretariat.

If all those truly interested in a better organized and better operating United Nations are supportive of the types of efforts outlined herein, I believe significant positive change will be possible. The opportunity to achieve such change has never been greater and I wish you, my successor and my former colleagues every success in the continued pursuit of excellence within the Organization.

**A CONCEPT PAPER**

Re: Restructuring of United Nations Economic and Social Programmes

"The United Nations policy agenda in the economic and social field will need to be reshaped and updated"
Secretary-General Boutros Boutros-Ghali, 26 June 1992

**Purposes**

1. To enhance the effectiveness of United Nations programmes in the economic and social areas, first within the Secretariat and eventually throughout the entire system.

2. To make economic and social development programmes more responsive to the priorities of the Member States as expressed through the General Assembly, the Economic and Social Council (ECOSOC), and the Secretary-General.

3. To reduce the potential for overlapping and duplicative programmes and for departments and agencies competing for resources or authority in development areas.

4. To ensure that each Member State, as well as the Secretariat and other agencies within the system, speak with one voice on development policy rather than continuing to countenance the expression of differing positions through different governing bodies.

5. To increase the level of coordination among disciplines and across substantive sectors in the areas of economic and social development.

6. To ensure that the resources allocated by Member States produce a maximum value added and that the highest percentage possible of such resources is expended for programmes rather than overhead.

**Scope**

7. While initially addressed to entities within the United Nations under the direct control of the Secretary-General, it is intended that the institutional arrangements proposed herein ultimately encompass the United Nations system as a whole (see Annex I), as originally envisaged in the Charter provisions relating to the overall role of the General Assembly and the coordinating role of ECOSOC.

**Initiatives**

8. Create a Development Council that would establish development policy for all United Nations programmes. The Development Council would report to the General Assembly through ECOSOC. Its size and configuration would depend upon reconciling all interested points of view as expressed by Member States. The current governing bodies of the United Nations entities would be suppressed or converted to advisory bodies, but would no longer establish policy or the allocation of resources in their substantive areas. The current functional and sectoral commissions and committees of ECOSOC should also be reviewed and streamlined.

9. Broaden the role of the present Regional Commissions so that they would become the sole regional coordinating presence of the United Nations in economic and social development, as well as in humanitarian, political, and peace-keeping matters, where appropriate. All other existing regional offices, bureaus, etc. would be combined, and co-located where feasible, with the commissions.

10. Re-designate the present United Nations Development Programme (UNDP) Resident Representatives in each country as country representatives for the entire United Nations, in whose offices would eventually be co-located all other agency representatives. To enhance regional coordination, they would report to Headquarters through the Regional Commissions.

11. Create a central secretariat unit for development which would be non-operational in nature, and would undertake and coordinate all major research, analysis and publications on global development issues and play a coordinating role in serving as a secretariat for and implementing the policies set forth by the Development Council. It would also oversee the activities of the secretariats responsible for specific disciplines or sectors. The roles of the Department of Economic and Social Development (DESD), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Environment Programme (UNEP), the United Nations Centre for Human Settlements (HABITAT) and the Centre for Social Development and Humanitarian Assistance (CSDHA) would be reviewed and redefined in the process of creating such a unit.

12. Review the defined tasks of all development programmes in each discipline or sector taking into account the changing needs of the developing countries with a particular focus on addressing their recurrent development needs and accelerating, where appropriate, their move toward environmental responsibility, democratic societies and free market economies. Out of this review should come recommendations for the merging or suppression of redundant or duplicative programmes.

13. Call for a Bretton Woods Conference II which would reposition the Bretton Woods agencies (including the General Agreement on Tariffs and Trade (GATT)) to address their development roles within the changed world situation.

## Discussion

### A. Creation of a Development Council

14. The new Development Council would give Member States the opportunity to reach consensus on a comprehensive set of priorities for development activities and to allocate resources accordingly. Currently, the separate governing body of each entity deals with its own substantive area and has the ability to set its own priorities, which may be inconsistent with the priorities established by the General Assembly or by the governing bodies of other organizations. Furthermore, even when the policies of the separate governing bodies are fully consistent with the priorities of the General Assembly, priorities may be distorted by the uncoordinated allocation of resources made by each governing body in isolation from the others. This skewing of priorities is heightened by the extra-budgetary funding provided to the separate agencies which is allocated without reference to any central coordination or to the expenditures of other programmes. Some mechanism should be made available to the Development Council to even out or compensate for these distortions without discouraging the flow of voluntary contributions.

15. It is essential that the establishment of priorities and the allocation of resources should be made on a consistent basis by the Member States through the General Assembly. Under the proposal advanced herein, the existing governing bodies would continue to play an important role by bringing to bear the expertise of their respective governments in specific disciplines or sectors. However, their role should be limited to advising how the available resources could be spent within their substantive area on the basis of priorities established by the General Assembly. While the authority of the existing governing bodies will be reduced, the control of the Member States (whom they ultimately represent) over economic and social development policy will be greatly enhanced and harmonized.

### B. Broaden the Role of the Regional Commissions

16. The challenges for economic and social development differ from region to region because of different levels of economic development, different cultural backgrounds, and factors relating to the different political, environmental and geographic features of particular regions.

17. It is logical to address these challenges on a regional, rather than global, basis so that solutions more responsive to these differences can be devised. In addition, there are marked advantages in working at the regional level in order to take full advantage of being close to the problem. Moreover, cooperation and coordination can be more effectively enhanced between governments within a region if development programmes are conceived and delivered regionally.

18. If the Regional Commissions are given primary authority to coordinate all economic and social development programmes by the General Assembly, those programmes can clearly be delivered in a more comprehensive manner. As a by-product, the Regional Commissions can offer a forum for Member States to come together to deal with issues in the humanitarian, political, and peace-keeping areas so that the process of seeking solutions to problems in these areas on a regional basis can also be promoted. As the Secretary-General noted in his foreword to his report to ECOSOC, "It is futile, if not counter-productive, to separate out the political and the economic and social missions of the Organization."

19. Strong and effective Regional Commissions could also act as the focal point for relations with non-UN regional bodies and Non-Governmental Organizations within their regions.

### C. Resident Representatives as Country Representatives

20. By giving United Nations Resident Representatives greater authority over the delivery of all United Nations development programmes in a particular country, the programmes can be better coordinated and the United Nations presence can be more clearly established. Country representatives would fill the role of a United Nations "ambassador" for substantive and representational purposes. Their co-located "staff" would include United Nations experts from all relevant agencies and disciplines, drawn from those who serve now in-country on assignment from the various agencies.

### D. Need for a Central Secretariat Unit for Development

21. In a United Nations structure in which a single Development Council established priorities and allocated resources, there would also be need for a more clearly defined central secretariat unit for development. Oversight and coordination of the operational aspects of programmes would continue to be handled by secretariat staffs organized by substantive disciplines but the best operational personnel would be deployed to the field and rotated among existing United Nations duty stations around the world. The central unit would provide the secretariat support staff for the Development Council and the Advisory Committee on Coordination (ACC), if maintained, so as to ensure that the priorities established by the Member States through the Development Council and ACC were fully effected by all operational units. It would also monitor the preparation and publication of unified reports to cut down on

instances of duplication and repetition. This redefined role would obviously have implications for the future of a number of current entities engaged in development activities, such as DESD, UNCTAD, and UNEP, all of which should be scrutinized in the review process contemplated herein.

## E. Role of present DESD and UNDP

22. In particular, the roles of the present DESD and UNDP would require attention. At the outset, a determination should be made as to whether the merger of DESD and UNDP would be feasible or desirable. If not, a careful "sorting out" process of functions and resources between the two organizations and others would have to be undertaken in the course of creating a central secretariat unit for development.

## F. Structure of Development Programmes

23. Eventually, of course, the reconfiguration of all entities dealing with related subjects should be considered so as to consolidate those with similar responsibilities and eliminate duplication and overlap. The ultimate goal should be to empower only one such entity per sectoral activity, with one advisory body reporting to the Development Council. One possible configuration, for example, could provide as follows:

(a) Trade and Industry Programme: Combining UNCTAD, UNIDO, the former Centre on Transnational Corporations, ITC, the former Department of Technical Co-operation for Development, and the former Center for Science and Technology for Development;

(b) Environment Programme: Combining UNEP and the post-UNCED elements;

(c) Population Programme: Combining UNFPA and the Population Division of DESD;

(d) Food and Agriculture Programme: Combining FAO, WFP, WFC and IFAD;

(e) Humanitarian Programme: Combining UNHCR with DHA;

(f) Children's Programme: Combining UNICEF and the children's programme within CSDHA.

Separate programmes would be maintained in Drugs (UNDCP), Social Affairs (Programmes within CSDHA dealing with Women, Family, Disability and Crime issues), Human Settlements (HABITAT), Health (WHO), Labour (ILO) and UNESCO. Whether consolidated entities should be located in the Secretariat or become specialized agencies would have to be reviewed on a case-by-case basis. What should be avoided in the future, however, is the creation of entities with partial

delegation of authority and the resulting confusion of operational and reporting roles.

G. Thrust of All Development Programmes

24. At the same time as the overall structure for economic and social development programmes is being revised, it would be appropriate for the Member States to re-evaluate the thrust of those programmes in light of the changed circumstances in the world. Many United Nations programmes were conceived at a time when Cold War tensions and ideological conflict frustrated consensus on how best to structure political and economic institutions, i.e., at a time when authoritarian non-democratic governments were a reality in many areas and when central governments were often perceived as the primary actors in fostering economic and social development. Today, when there are much stronger tendencies toward democratic forms of government and market-driven economies, not to mention an increased emphasis on environmental concerns, a re-thinking of attitudes and programmes from a prior era must be brought to all development activities sponsored by the United Nations.

H. Bretton Woods Conference II

25. The development activities of the Bretton Woods agencies (the World Bank, International Monetary Fund and GATT) were originally undertaken in a radically different environment than exists today. While these agencies have adapted to meet the changing circumstances over the last 45 years, their overall development activities may require updating and certainly deserve scrutiny. The political changes in the former Soviet Union leading to the end of the Cold War have created opportunities for, and development demands on, these agencies which did not exist even five years ago. Under these circumstances, it is important that these agencies consider repositioning themselves for the new challenges they face. A Bretton Woods Conference II would provide a forum for such consideration.

I. Budget and Programme Planning Implications

26. All of the changes suggested above would have implications for current programme planning and budget procedures. The intricate and detailed procedures currently followed in establishing, for example, the medium-term plan and biennial programme budgets would have less and less relevance in a system committed to greater regional responsiveness and flexibility and to more inter-disciplinary and cross-sectoral initiatives. Simplification of these programme planning and budgetary procedures would not only facilitate the central role of the General Assembly in financial and budgetary matters, but would also render the process less complicated and enhance its credibility across the board. The full implications of these changes would have to be carefully assessed in order to reap maximum benefit from a revised budget and programme planning methodology.

27. Some of the administrative implications include harmonizations of budget presentations, accounting practices and information systems to allow for a consolidation of budgets proposed by the advisory bodies and to facilitate an analysis of the allocation of resources across sectoral programmes. The implementation of the planned Integrated Management Information System in the UN and in other organizations could help address some of these concerns.

28. The role of the Fifth Committee and of the Second and Third Committees as well as of the various Commissions reporting to ECOSOC would also need to be examined, as to, for example, who would review the budgets of the entire system for ECOSOC. The need to avoid too many layers in the approval process and the creation of a huge central administrative bureaucracy must remain important considerations when reviewing these proposals.

ANNEX I

**RELEVANT UNITED NATIONS ENTITIES**

Secretariat

Department of Economic and Social Development (DESD)
United Nations Environment Programme (UNEP)
(including any UNCED follow-up)
United Nations Centre for Human Settlements (HABITAT)
Centre for Social Development and Humanitarian Affairs (CSDHA)
United Nations Conference on Trade and Development (UNCTAD)
Regional Commissions and the Regional Sub-Offices
(or MULPOCS for ECA)
World Food Council (WFC)
United Nations Drug Control Programme (UNDCP)

Subsidiary Organizations of the United Nations

United Nations Development Programme (UNDP)
United Nations Fund for Population Activities (UNFPA)
United Nations High Commissioner for Refugees (UNHCR)
World Food Programme (WFP)
International Fund for Agricultural Development (IFAD)
International Trade Centre (ITC)
United Nations Children's Fund (UNICEF)

**RELEVANT SPECIALIZED AGENCIES**

United Nations Industrial Development Organization (UNIDO)
United Nations Educational, Scientific and Cultural
Organization (UNESCO)
World Health Organization (WHO)
Food and Agriculture Organization (FAO)
International Labour Organization (ILO)

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